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ABSTRACT

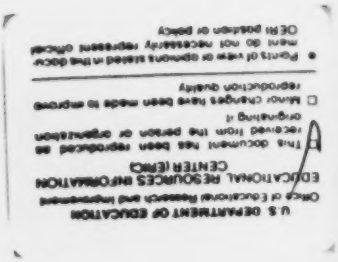
This book, which was written by the Torino Group, a team of authors representing the views and experiences of users and providers of management development services in Europe, describes current management development practices across Europe and examines key issues in redesigning management development services. The following topics are discussed in the book's eight chapters: history and current state of the management development sector and recent economic and social trends affecting it; current learning concepts and techniques and the rationale for helping managers learn rather than teaching them; management development in European companies; changing roles of business schools and other external providers of management development services; state of the art information, communication, and other technologies that are likely to enhance learning, and recent innovations in management education; recent developments in partnerships, networking, cooperation, and learning across various boundaries; why management development must add value to client organizations, and how that value can be measured and enhanced; and ways various stakeholders can promote management development, improve its quality, and enhance its practical impact. Twenty-three tables/figures are included. Appended are a list of 32 recommended readings and a summary of major trends and issues in European management development. (MN)

ED 420 803

REPORT

Re-designing Management Development in the New Europe

Report of the Torino Group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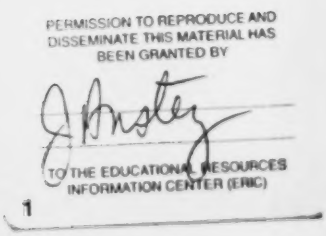
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The European Training Foundation is an agency of the European Union which works in the field of vocational education and training in Central and Eastern Europe, the New Independent States and Mongolia. The Foundation also provides technical assistance to the European Commission for the Tempus Programme.

REPORT

Re-designing Management Development in the New Europe

1998

Report of the Torino Group

European Training Foundation

A great deal of additional information on the European Union is available on the Internet. It can be accessed through the Europa server (http://europa.eu.int).

Cataloguing data can be found at the end of this publication

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Foreword

The European Training Foundation is an agency of the European Union and has been in operation in Turin, Italy since January 1995.

The establishment of the Foundation should be seen as part of the implementation of the European Union's overall Phare and Tacis Programmes, in that the development of human resources in the partner countries is central to the reforms underway in the economic and social arena in order to secure the transition to a market economy and to strengthen democracy.

The scope of the Foundation is "the training field, covering initial and continuing vocational training as well as retraining for young people and adults, including in particular management training".

The Foundation's programme of activities in the field of management training is targeted mainly at:

- helping the creation and development of business schools and management training centres;
- assisting the development and networking of national and international associations of business schools and management training centres;
- improving the institutional quality of business schools by assessing their ability to cope with strategic issues, identify areas of difficulty and strategies for development;
- producing reports and studies on new trends and evolution in management development which could be of direct help for organisations and individuals located in Central and Eastern Europe;
- promoting the development of entrepreneurial skills through focused , demand driven training actions in the Phare and Tacis regions;
- designing and launching other technical assistance projects at national and multi-cultural levels in the field of management development.

The Foundation has recently completed an *Evaluation of activities in the field of management training in the New Independent States*, a project implemented at the request and on behalf of the Tacis Unit of DGI of the European Commission. The final report of this project, as well as the present document and other information about the activities f the European Training Foundation are available on our web site http://www.etf.eu.int.

Introduction

As Europeans, we are very much concerned about the current performance and future prospects of our economies. Europe is undergoing deep political, economic and social transformation. Unprecedented challenges have been created by the global economy, trade liberalisation, information and communication technologies, changing consumer requirements, growing unemployment in many European countries, and other economic and social trends. Following the collapse of the Communist regimes in the Central and Eastern European countries, we are now facing the historic task of bridging the gap between these countries and the European West. The first group of Central European countries is already under consideration for EU membership, but this is only the beginning of a new phase of working towards European unity, co-operation, integration and common prosperity.

Any review of Europe's readiness to seize these challenges and opportunities must inevitably include a discussion and assessment of the quality of European managers. Already we have seen a long debate about the changing roles of managers and the challenges faced by management development. Often, the education and development of European managers have been criticised for low practical impact, shortage of vision, a self-centred approach, slow adaptation to new needs, insufficient concern for social issues and other ills.

In Central and Eastern European countries after the fall of the Berlin Wall, management education and development were quickly perceived as important tools for helping managers on their difficult journey "from plan to market". However, the actual progress made in retraining existing managers, developing a new generation of managers and creating solid national infrastructures for management education and development has been relatively slow. Many critical words have been uttered about the transfer and adaptation of Western European management know-how to Central and Eastern Europe.

This report, initiated and sponsored by the European Training Foundation, is a new contribution to upgrading and strengthening management development in Europe. *Re-designing Management Development in the New Europe* endeavours to review the state of the art of European management development, examine its current trends and problems, and suggest steps to improve its quality and impact. It is a contribution designed to be practical and applicable in many European countries.

To achieve this purpose, the Foundation gathered a team of authors (the Torino group) able to reflect truly the views and experiences of both the users and providers of management development services in Europe. The perspective taken here has been distinctly European, embracing all parts and regions of Europe and stressing their common needs and problems. By

"New Europe", the Foundation and the authors mean the whole of Europe viewed from a future perspective. However, European management development is also viewed here in the wider context of the global economy, and in interaction with North American, Japanese and other management cultures and practices. For obvious reasons, the specific concerns of the reforming economies of Central and Eastern Europe have received special attention, but the particularities of these countries have not been overstressed. Management development in Europe has been viewed as one sector with a number of national and other sub-sectors reflecting local traditions, practices and needs, but exhibiting common characteristics and possessing a tremendous potential for cross-border and inter-sectoral networking, exchanges, co-operation and joint achievements.

How the report was produced

This report is neither a handbook nor an exercise in futurology. It aims to describe management development as it is currently practised, discuss key issues and provide ideas for redesign and innovation. The team of authors held several meetings in which the issues were discussed, objectives agreed, tasks distributed and individual contributions reviewed. The team members agreed to contribute different perspectives based on their personal experiences and their familiarity with the management development sector; these perspectives were unified when appropriate, but maintained where diversity appeared to be of benefit. Therefore, each chapter has one or two lead authors, but at the same time reflects suggestions and contributions made by other team members. Only "light" editing has been made, so as to respect the personalities and unique experiences and perspectives contributed by the different members of the team.

For whom the report is intended

The Foundation and the team of authors have borne in mind that management training and development have many different stakeholders and tend to attract attention from many people. This is a very popular field. Therefore, this report may be of use to anyone interested in current issues in management development, and in learning more about trends and opportunities in this sector. The reader may be a manager, future manager, student of management, organiser of management development, teacher/trainer, consultant or researcher. However, the report is not an introduction to the topic for uninformed readers; indeed, it assumes knowledge of basic concepts and terms, and some experience of management development.

The report is mainly addressed to a particular audience in Europe, to *policy and decision makers* in business, government, trade unions and other social organisations, academia, professional service firms and other sectors, who can *promote and improve management development* through their policy, strategy, organisational and staffing decisions, resource allocations, partnerships and alliances, and by their determination to innovate and encourage innovative efforts generated by others.

These are people and organisations that *want and are able to make things happen*, although their stakes in management development and their opportunities to influence its future may differ from case to case.

Effective management development has always been the result of a partnership of users (managers, companies, organisations) with providers (other managers, human resource specialists, management development institutions, consultants and so on). Therefore, this report is addressed both to *users* and *providers*. The authors regard this as very important. To enhance this dual perspective and underline its unity, one team member has come from a leading European manufacturer, known for its long-standing management development activity and support for the management development movement at European level. Other team members have extensive experience of working with industry.

Remarks on terminology

To prevent the risk of confusion and misunderstanding, a few remarks on terminology are necessary. There is no standard terminology in management development, and various users and providers have their preferences. This has been exacerbated by difficulties faced in translating English management and training terms into other European languages. In Central and Eastern Europe, new concepts are being developed and internalised in conjunction with the translation and transfer of management terms.

The generic and broadest term used in this report is *management development*. This embraces all concepts and activities, within organisations employing managers and outside them, aimed at increasing the competence and effectiveness of individual managers and management teams. It includes various forms of practically-oriented training and learning, in courses, workshops, project and action teams, and individually, both on the job and off the job. It emphasises application and results, and aims to develop the manager's total competence and personality in terms of a particular organisational context. This explains the main difference between management development and pre-employment management education, which emphasises knowledge, intellectual development of the individual, generic skills and employability by various potential future employers.

At times in the report, the authors may also use other terms. *Executive education, executive development* and *management education* mean the sub-sector of management development that primarily serves the higher echelons of the management hierarchy and those intended for promotion to these echelons. The term *management training* is also often used interchangeably with management development or education, and has the same meaning.

Pre-employment undergraduate management education of future managers at universities or other establishments of higher learning is not the subject of this report. Here, *management education* means those forms of education addressing the experienced manager (through executive and other

management courses, company projects and other activities, often organised jointly with external providers) and/or MBA programmes.

External providers of management development services are also given various names by different authors: these can be *business schools* (even where MBA programmes are not the principal service), *management development institutions, executive development centres, management training centres* or similar.

How this report can be used

Individual readers who, as mentioned above, are familiar with the basic concepts of management development can use this text as a source of information, personal learning and inspiration. They can refer to the bibliography in looking for further English-language sources on the science and art of management development.

Policy and decision makers on the users' side (in businesses and other organisations) can use the report as a source of information and suggestions on new management development trends and possible improvements in their own organisations. Obviously, they cannot expect to find ready-made and universally applicable solutions. It is important that they be critical and selective, always thinking of the favourable and adverse forces in their own environments. It should not be forgotten, however, that nothing is achieved without the determination to change old habits.

Policy and decision makers on the supply side can be directors, deans, marketing managers, programme directors and other individuals with responsibilities in training, education and consulting institutions, associations, foundations, research institutes and similar organisations. Human resource and management development managers within companies can also regard themselves as suppliers, viewing other managers as their clients or customers. These readers can find information and ideas on how to develop, market and deliver more client-centred and results-centred services, how to enhance quality and add more value, how to keep abreast of developments and make better use of resources that are available to them in various parts of Europe, how to take advantage of new technologies, and how to use management development as a key strategic tool for increasing company performance.

The report can also be used for reflection, strategic thinking and policy considerations involving users, providers and other stakeholders. For example, in transforming economies, the principal stakeholders can agree to work together to critically examine the current state of management development that prevails in privatised companies, or in companies that have remained in the public sector, with the intent of developing proposals on how to make improvements on both the user and supplier sides. They may also wish to develop policy measures (legal, financial, institutional, promotional, educational and so on) which could then be defined and implemented by government, employers' and trade organisations, and other actors. More ideas on this subject can be found in the final chapter.

About the individual chapters

Chapter 1 is an overview of the management development sector, including some information on its history and ideas on recent economic and social trends affecting management development.

Chapter 2 is devoted to "learning" and emphasises that managers should not be taught but, rather, helped and encouraged to learn. It gives an overview of current learning concepts and techniques.

Chapter 3 focuses on management development in European companies, stressing and describing approaches such as results-focused management development and structured learning processes.

Chapter 4 discusses the changing roles of business schools and other external providers of management development services, pointing to new trends and to the need for a closer partnership with the users.

Chapter 5 describes the state of the art in information, communication and other technologies that are likely to enhance learning, and a number of recent innovations in management education which have been enabled by new technologies.

Chapter 6 examines a wide range of recent developments in partnerships, networking, co-operation and learning across various boundaries.

Chapter 7 explains why management development must add value to client organisations, and how this value can be measured and enhanced.

Chapter 8, the concluding chapter, is an agenda for action, suggesting how the various stakeholders can promote management development, improve its quality and enhance its practical impact.

The recommended readings (Annex I) have been selected by the authors from the vast literature on management and on the training and development of managers, to help readers in choosing further useful sources for information, inspiration and personal study.

Follow-up

The Foundation believes that many readers will be interested in learning more about the various trends and innovations described in this report. Companies and institutions in various European countries may like to discuss new ways of developing managers with other companies and institutions. The Foundation would welcome such discussions and is prepared to help in establishing such contacts and building up new cooperation networks. Annex II provides guidelines on how to contact the Foundation on exchanging information and experience with innovations in management development.

About the members of the Torino Group and their contributions

Olle Bovin (lead author of Chapter 3) is an independent management and HRD consultant working with international companies in project management, change management and results-oriented management development. Previously, he worked in Swedish companies in the human resource management sector and was the European training and development manager of Hewlett Packard.

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Sara Samuels assisted the Torino Group in a research assistant and administrative capacity.

Chapter 1
Painting the Picture: Management Development in Perspective

1.1 *Is management development relevant, or is it a contemporary artefact?*

To date, no research has been able to scientifically correlate education or training investments and their direct returns, and no human assets economics and accounting has been ever implemented. Therefore, both clients or participants and providers have tacitly agreed on a convention of obvious utility. "Try ignorance", said Albert Einstein, when asked about the relevance of education. So it is with management education as well; we take its benefits for granted, because we have no better alternative.

The progress of the third industrial revolution, the revolution of the information age, is evident to all. The similarity between information and "formation" (the French word for training and education) suggests that there might be a close relationship between information and education. Training, therefore, might serve as a good predictor of relative success in our computerised world. But a scientific and quantitative model of the impact of management education on individual participants, on individual and collective behaviours and efficiency, and on corporate and societal results, still needs to be developed and tested.

Within the broader field of education, specialist management education and management development are rather new. Robert Locke has traced the history of higher education for technicians, engineers and managers back over the two last centuries, but education itself has a much longer history.

As far as is known, education in the Western world began as religious education in ancient Egypt, more than thirty centuries ago. Priests were the educated leaders of their times, those who knew, and this remained the rule for quite some time. In ancient Egypt, young priests underwent a very structured initiation in special schools, part of which included the direct experience of "virtual death", presumably aided by the use of drugs, in order to assess the ability of the applicant to face this potentially dramatic issue. Those who could withstand such a deep and intimate experience were selected as being strong enough to support other social responsibilities and charges. They could carry the load of anxiety of their fellow human beings. So, assessment centres have their ancestors!

In continental Europe in the thirteenth century, the first universities also taught mainly religious subjects, or secular subjects with a religious emphasis. Earlier, with the creation of monasteries, religious education had led to the first "organised network" of libraries, or "technical and training centres". The monasteries were places where ordinary people could get some technical training in farming, food conservation or health care; many monasteries had food processing facilities and hospitals. Medical education thus joined religious education.

In medieval cities, craft skills were developed and shared within closed and sometimes rather secretive societies or guilds. These guilds elected their own representatives or "consuls", who helped to manage the city and deal with local economic and social issues. Slowly, political power started shifting from priests to civilians. The development of the first banking "network" came at about this time, in Venice and Florence, and later Gutenberg´s advances in ink and paper technology and other scientific developments led to advances in the textile, mechanical and chemical industries.

With increasing levels of trade came the need to share common practices and values. This led to the teaching of common law. In turn, lawyers slowly but increasingly replaced executive or religious powers as arbiters of private conflicts. Universities began to teach law alongside medicine and theology. In the Middle Ages, European scholars and students moved easily from place to place using Latin as a *lingua franca*, prefiguring current EU programmes such as Erasmus and others.

Up until the nineteenth century, law school graduates held large numbers of managerial positions, particularly in countries such as Germany where legal education was the paradigm. Technical education, primarily in engineering industry since the first industrial revolution, was confined mainly to shopfloor, on-the-job learning. Robert Locke, in the *End of the Practical Man*, describes the beginning of engineering education, which was to dominate the Western world in the late nineteenth century and at the beginning of the twentieth century. The dramatic development and application of technology during wartime reinforced this position and led to other developments. Military successes and failures were directly associated with the lack or availability of engineers. As a consequence, a number of engineering schools were established directly after military conflicts, for example in France after the war with Germany in 1870–2.

Business education followed a similar pattern. Although the first business schools have their origins in the 1870s, at the beginning they were mostly trade schools in the direct tradition of professional guilds. After the Second World War they became business schools, and in the 1980s they became management schools. Initially these schools were often criticised, or even rejected, by the rest of academia, and the first business school deans found it difficult to attract good students (from law, medical or engineering schools), or good faculty and sponsors. Frequently, the teaching model in these business schools was an adaptation of the pedagogical paradigm prevailing in law and medical schools. The famous case method came from law schools, and was first applied to business education by Harvard Business School in the 1940s. The tradition of external or part-time faculty coming from corporations is an analogy with schools of medicine, where faculty members are also practitioners.

At the end of the 1950s, the Gordon-Howell report on American business education showed clearly that business education had to improve in academic terms. This report had a strong impact on US management education, and led to what now is the dominant educational model. When establishing most of their institutions and programmes in the 1960s and 1970s, European countries followed the American model.

Thus, management education is a response to certain technical, economic and social needs in particular periods of human history. As it is thus precisely dated, so it can also become outdated when changes occur in its environment. Of course, criticising management for being slow in adapting to new environmental challenges is not enough; we have also to look for new models.

1.2 *The impact of the North American model*

In the USA, economic development, the tremendous growth of the financial and banking sector and even events such as the economic crash of 1929 strongly affected the growth of business education. Most management education developed within universities that had departments of economics. Very soon, however, business departments and departments of economics started to pursue quite different missions.

In continental Europe, faculties of law continued mainly to train future civil servants, for until the 1960s many economic sectors were state regulated. With increasing global competition, deregulation and economic liberalisation around the Western world, management development started to become a leading preoccupation in many sectors; indeed, it began to be viewed and treated as a panacea.

More recently, the growth and transformation of the service sector has created new requirements for management skills and the education of managers. With the onset of the third industrial revolution, corporations have begun to realise that they may need something different from classical management education. They have started looking for new skills and behavioural patterns that are seldom taught in management programmes, such as entrepreneurship, leadership, vision, innovation and courage. Delayering and re-engineering are already demonstrating the first signs of this decline in classical business education. Redundancies of managerial staff associated with mergers and acquisitions indicate that the trend in requirements for managerial skills is beginning to follow the same pattern as in other forms of technical education.

There is now a need for a totally new design of management programme, which is capable of adapting to new situations and needs and integrating a diversity of values and new missions. The challenge of education is to prepare for the unknown by using the known. It is a discontinuous, incremental process. The incremental aspect can be taken care of by exploiting accumulated knowledge and some relevant forecasting. Providing for discontinuity is a more ambitious task, and calls for intuition as well as great deal of systematic imagination. It is also a risk-taking exercise.

Intuition is often associated with vision and leadership, or charisma. It is the creative result of a discrete combination of data, education, knowledge, experience, feelings, metaphors and images, dreams and catalytic events (heuristics). The lives of great scientists are full of such stories (Kekule's finding of the benzene formula thanks to a dream of a snake biting its tail is a famous example). Systematic imagination requires creativity from the outset. In a set of research assumptions, scientific hypotheses must be properly designed and must be creative.

Research paradigms vary around the world. In management research, the Americans are mostly using quantitative approaches, based on numerical data analysis, while continental Europe is mainly constructivist and clinical. The two do not mix and match well. Quantitative research produces quantitative efficiency indicators ("you improve what you measure"). Clinical research produces concepts and qualitative values. Management research in the US is more focused on improving financial performances; in Europe, the outcomes of management research integrate other societal issues and multi-criteria optimisation, and are somehow driven by the ambition of building a better world for everyone.

Management education and development must also now deal with developing appropriate research and creative skills, in the same way that engineering or medical education must do. Managerial instrumentalism has to give way to something different. Perhaps this will come about when management truly becomes a discipline in its own right, and not merely an application of other disciplines such as economics, sociology and psychology.

In Europe, management education tends to embody the values of education as a whole, including much broader perspectives than just technical issues. But Europeans, including of course the Central and Eastern Europeans, have to face the fact that management education in its present form comes mainly from the USA. Some adaptation of management development approaches and programmes to European conditions has taken place, but we still lack a self-supporting European management paradigm. In *European Management Model,* Roland Calori demonstrates that some values are common to most European companies; the predominant characteristic is respect for cultural diversity and the recognition of the need to adapt (mostly exemplified in "small" countries such as the Netherlands or Belgium).

The lack of concern for this aspect in the American management education model shows that something needs to change in programme design. Europe is not a homogeneous society like the USA. This implies the need for a changed approach, based on another discontinuous process. Management development has become rather conventional and conservative, and is supported by many implicit values. Reviewing these values is now a necessity. Is the market a value in itself? If so, is it the unique value? Do we have to devote all our energies to increasing our market share? Can the market be always right? Does the market always know the difference between the good and the bad, the right and the wrong?

These questions are particularly relevant to management education. The market for education, as indeed the market for professional services more generally, is not a so-called "perfect" or transparent market. It is difficult if not impossible to compare the products or services of different providers. Learners (participants) buy a complex process in which they will develop new skills.

They have to take risks, but if they make a mistake, it is difficult if not impossible to merely turn to another provider in the same market. Participants or their employing companies select institutions using criteria which often have nothing to do with programme relevance and quality. A provider institution's image, the reputation of its faculty, list of publications, the quality of its other services, costs and the desire to reduce risk in the decision are among the most common criteria. Conversely, not all providers are able to devote the same effort to marketing and making themselves known to potential clients. A great deal of relevant information is accessible only with difficulty, and clients are often uncertain. This also explains the increasing demand for some form of accreditation, quality assurance and customer protection in management education and development.

While focusing mainly on business values (that is, shareholder values), management education forgets that most human practices, including business, are supported by a background of moral and religious beliefs. Attitudes towards money are not the same in all cultures and religions. Ethics seldom feature in management education, and environmental issues are barely covered. This absence of value assessment and application could destroy management education. Institutions also face the dilemma of not being able to demonstrate that they are contributing to the achievement of wider social goals; arrogance based on past successes or reputation often substitutes for self-assessment. However, social success is less and less associated with management education. Further, many new entrepreneurs in the information age do undertake any form of management education; some have never been to university at all.

Even if we stick to the actual doctrine of management education and its supporting institutions, we must move ahead. We must analyse and understand the past in order to build the future. In education, the borderline between the past and the future is the learner. We know that breakthroughs cannot be expected from institutions that have become conservative, and certainly not from a unique cultural source. Innovations come most often from people on the job, practitioners, decision makers and customers. Innovations emerge in problem-solving situations, where people are trying to resolve conflicts and meet unsatisfied real needs. Interaction and partnerships with other actors, public or private, can foster new applied research and improve the quality of both faculty and learning material, while at the same time benefiting the world of business. Diversity is the future wealth of management education.

1.3 The neuronal man

The speed and growing use of new information and telecommunication technologies is now a common phenomenon in most countries. In the future, satellites will make sure that anyone in the world can contact anyone else, at any place and any time. The knowledge society will make any organisation able to connect with any database to reach the information it needs, without an intermediary. Direct banking, direct insurance and soon direct diagnosis of almost everything, direct education and self-development, and unfortunately but quite possibly even direct crime, may become the rule in our society. A person will be like a neurone in a huge network, being himself or herself a network of neurones connected with all the others inside or outside.

Will this make us happier? The question may be irrelevant. The real question may be: how is this going to affect our relationships to time, money, work, health, education, authority, family, social life and so on. Will this create more and better opportunities for people? To a small proportion, as usual, it will bring more benefits, but also more stress. The rest of the world might continue to live very much the way it used to, twenty years ago. But the use of these new information and telecommunication technologies around the world will bring a kind of global isomorphism, which is in itself dangerous. The balance of things in life comes from variety. Any time the same solution tool, approach or process is widely disseminated and turned into a norm, this excess of uniformity creates a high level of risk. Mankind keeps memory of epidemic or famine. Dependence on the same cereal, tool, machine – or even the same management education model – creates a high level of risk for all free markets. Quick and radical adaptation to environmental change becomes a very difficult matter.

Often, new developments bring us more controversies and paradoxes. The world is becoming more global in outlook, but at the same time we are seeing the growth of regionalism. Security is increasing, but so also are new risks (for example, AIDS, drugs, computer viruses, random terrorism). The high-technology society requires a "high touch" approach. To develop distance learning, we need "hot lines", coaching, tutoring and time to convene. The developed world spends huge amounts of money on secondary education, but illiteracy is extremely high (around 20 %) in most modern countries. Many people are unemployed while some are overworked, and there seems no possibility of balancing this situation. We have too much food on one side of the world and not enough on the other. Daily financial flows are often equivalent to yearly gross national product, and one small incident in a computer can create complete global technical, economic or financial turmoil.

The wild growth of markets and spectacular business deals in Central and Eastern Europe has led to a belief that there is no correlation between technical and management knowledge and real success in business. In addition, the inherent difficulties of the transition have resulted in the decline of the previously existing systems of general and technical education in the countries of Central and Eastern Europe. Thus, a market and strong demand for quality management education in these countries have yet to be developed. However, the decline of general and technical education needs to be arrested before it is too late.

In summary, we are witnessing growing uniformity of our economies and societies, while at the same time every individual, community, company and any other unit increasingly requires special and adapted treatment. The least that we can say is that the world is becoming more and more complex every day.

1.4 *The conventional complexity: are we becoming "strange attractors"?*

Complexity becomes conventional not only because everybody agrees on the level of complexity, but also because it is one of the main breakthroughs in scientific research. Every one of us can be considered as an individual actor who can, with a small change in our behaviour or consumption patterns, strongly affect economic balances. One piece of information concerning Creutzfeldt-Jacob disease had tremendous impact on agribusiness in Europe and on all the people employed in the sector. In complexity theory, a very small factor affecting a stable environment is called a "strange attractor". Human beings are all "strange attractors". When they start using the Internet, or watching cable or satellite networks, individually these are very small changes in their way of life; but globally, their actions have a tremendous impact on the way society is organised and influenced. Fast zapping from one consumption profile to another has repercussions. For example, the traffic jams that all of us help to cause on occasion are costly, but could be avoided by the proper use of information.

Fashion on occasion plays the role of enhancing our individual behaviours. Fashion does not exist only in textiles or car designs, or social behaviour. Management practices and management education also exhibit a high propensity to adopt fads, and to replace current fads with new ones at a remarkable speed. Re-engineering has become one of the most popular methods recommended for reorganising firms. We have witnessed some very controversial cases, where the knowledge of qualified people was simply discarded with no respect whatsoever not only for human beings, but also for the companies themselves. Charles Handy writes in *The Empty Raincoat* that in the future, companies may need half as many employees, paid twice as much, and working three times as hard. This may happen. It could also create burn-out.

Management concepts and managerial practices should be under scrutiny, and their choice and application ought to be much more cautious, critical and pragmatic than at the present time. As Europeans, we are born in an industrial society structured and organised along the principles of Taylorism. These were developed to enhance efficiency, cut costs and encourage fierce competition. Taylorism naturally brought about automation and robotics, provided that the robots cost less than the lowest-paid worker in a low-wage country. But with even a small change in the exchange rate of the US dollar, it may become more efficient to shift the manufacturing of many goods to other countries. Goods coming from Asian countries may in turn become less competitive, and buyers may move quickly to other sources.

The last fifty years have also seen large movements of population from the agriculture to the industrial sectors. Now these people are moving again, to the service industries. The same Taylorized approaches in these service industries (such as banking and insurance), where assembling services is very much like assembling components on a line in a factory, eventually lead to automation and computerisation. It seems that each generation has to face the movement of one-third of its population from one type of job to a totally different type of employment. In Western Europe, very few countries have been able to move people quickly and happily from

industrial to service sectors. High unemployment has not been avoided. Yet, the next generation will have to face the same kind of problems in shifting people from service industries to other activities, the nature of which remains unknown. We have to move the focus from employment to employability, because we do not really know what kinds of jobs will exist in the future. Management education must not ignore these changes and trends.

We have invented tools to manage complexity, and have made these tools easily accessible and available. The computer gives us opportunities we could not have dreamt of previously, and generates new opportunities in a geometric progression. Conversely, most Europeans in key positions at the present time have been educated on the basis of theories and values of the eighteenth and nineteenth centuries. Textbooks simply cannot be published quickly enough to allow for fresh theories and data. Frequently, twenty or thirty years are required for a new discovery to reach classroom education. But the future cannot be described with the glossaries of yesterday; this is true in science, and it is true also in management. We need fundamental conceptual research in management and management education. Fads cannot substitute for an in-depth study of realities and creative thinking.

1.5 *Break effects or brake defects: changes in the environment call for changes in management development*

In his book *La Mondialisation*, Olivier Dollfus writes:

> *Contemporary situations are exceptional. Globalization is a generalised pattern of exchange between the different parts of the planet, the world being the place for transaction for mankind. Simultaneously, growth and changes go with these development of global exchanges. Never in its history has mankind known such an acceleration of change as in the last century and mostly within the last fifty years. Growth is everywhere: mankind has multiplied by three in fifty years, modifying the age pyramids, changing the length of life, but reducing as well fertility rate. [In terms of the] growth of cities, 750 million people [were] living in cities in the middle of the twentieth century, 3 billions fifty years later. The number of independent states has increased by a factor of three, with 51 at the United Nations in 1946, and 184 today.*

At the present time, 50 % of human beings live in cities, and 50 % of these live in cities with more than 500,000 inhabitants. In 1900, there were only seventeen cities with more than one million people; today there are more than 300. The world is turning into a network of cities. With the increasing development of new technologies, we could even talk of a "net-world". With the evolution of the concept of distance and the fact that time replaces geographical units, our perception of the world has changed. More and more people commute far from their homes every day. For how long will they continue to do so if technology allows them to avoid the time-consuming transportation process? This will have major implications: "distance" employees

cannot be managed like those sitting in the same building. Distance management, and "net" management, will become new issues in management and in developing managers.

A survey in the USA has shown that since the end of the 1960s, there has been a constant decrease in demand for low-qualified work. Secondary school education, which represented 71.4 % of total job demand in 1969, dropped to 59.3 % in 1979 and 45.7 % in 1993. Conversely, demand for higher education jumped from 12.8 % in 1969 to 25.7 % in 1993. The education premium, that is, the gap between wages earned by graduates of secondary and higher education, went from 34 to 57 % between 1979 and 1993. The experience premium, between people with short experience and those with long experience (25–30 years) has also increased in the same period, from 58 to 88 %.

It is important to be aware of the existence of two different groups of countries: those with a slow growth in population and those with a fast growth. Within the latter group, two sets of countries can again be found: those in which population growth brings an increase in GNP per inhabitant and those in which it does not. North America and Western Europe have a slow growth in population (under or equal to 1 % per year). They still manage to achieve an annual growth in GNP per inhabitant over 1 % (usually around 1.5 % between 1975 and 1995).

The rest of the world (except Central and Eastern Europe) has a population growth of more than 1.5 % per year. In this group, Asian countries have population growth, high rates of fertility and a growth in income per inhabitant. Other regions, like the Middle East, North Africa, sub-Saharan Africa and Latin America, although they may have had increasing populations and GNP, had a decreasing income per inhabitant in the period 1979–95.

For large companies, this picture clearly shows where consumption rates are going to grow most quickly. It also shows which countries are going to buy advanced technologies (including management techniques and modern management development) from the Western world and aim to apply them to their own economies. It shows too where management has to grow and develop, as well as adapt to local values, traditions and practices.

All these changes have an impact on society, work, family life, people and their environments. Moving one-third of the work force to new occupations each generation is not an easy task. Moving people from agriculture to industry required people to learn different concepts, such as efficiency, cost of time, budget control, quality and so on. Moving managers from one sector or area to another is yet another challenge.

Moving from industry to services requires understanding new concepts; for example, in services, the customer is closer to the producers than in manufacturing. Furthermore, the producers are also sales people. This means new values and new attitudes are necessary. In the long run, the process of changing people's qualifications may generate true individual entrepreneurship. The concept of adding value through each action in any job may become dominant.

Confronted with these and similar controversies and paradoxes, people find it hard to know the best way to behave. Frequently, controversies lead to inhibition or flight. Creative people, on the other hand, are able to cope and find solutions to controversies and so they add value. By definition, an entrepreneur is such a person; where others see problems or threats, the

entrepreneur sees an opportunity. To an entrepreneur, a customer is someone who brings ideas, not troubles. A failure is something to learn from, and a conflict is perceived and handled as a win-win situation.

The new technologies will create new ideas about dis-intermediation, particularly in the service industries. Some people will produce information, others will use information creatively and carry out data mining (finding relevant data for strategic decision making) to add value to set of data for commercial use.

Routine production jobs can be easily de-localised. This has happened in the textiles sector, and it is happening in the rest of the industry, including the software industry. Most major automobile producers, now located in Asia, simply did not exist thirty years ago. Exchanges between developed and developing countries increasingly feature product concepts with creativity and added value from the former, traded for labour-intensive products from the latter. This means that a few high-quality jobs are being exchanged against large amounts of low-quality jobs. The nature of work is changing in developed countries.

However, we are seeing an increasing fractalisation of what previously seemed to be homogenous categories. Within the same group of graduates, for instance, the mastering of new tools, concepts and technologies can tremendously differentiate one from the other. What used to be privileged categories are becoming fragmented groups of privileged individuals. Within a company, it is difficult for an unprivileged top manager to positively assess a privileged junior manager, just as it is difficult to explain to senior managers how to use technology creatively if they themselves are technology-ignorant and resistant.

In future, the required competences of managers will become even more complex and more individualised. High-performing companies will be made up of top-performing individual managers. The CEO of General Electric, Jack Welch, speaks about "Class A" executives for "Class A" companies. But belonging to a company will itself become more and more irrelevant, and the identification and recruiting of new talent from outside companies may become more important than traditional in-company management and human resource development. This will hurt the traditional European company, which is built on family-like values and which today is supposed to act as a learning organisation. The lack of flexibility or mobility in social legislation concerning work will also be a critical factor for European companies; some European countries have a long and hard road ahead, undoing their excessively protective and costly welfare states, if they want to keep unemployment low and increase their GNP.

We will also see the growth of new Microsoft or Netscape-type industries. "Soft" management has yet to be invented, as does "net" management. "Netsofters" are a new kind of employees requiring different forms of coaching and leadership, closer to the management of professional R&D staff than to traditional employees. Entrepreneurs will watch for the "breaks" in society or in their working life to exploit new opportunities and come up with new services. The development of international business and other activities will call for new services for managers and new developments in management education.

As time increasingly becomes a scarce resource, this too will create many opportunities. As long-term career planning is no longer practical in most companies, managers will have to take care of their own future, thinking in advance about what is going to happen to their jobs and how to maintain and even enhance their employability. They may move in many directions: geographically, conceptually, among companies, or as entrepreneurs.

1.6 *Adaptation and integration to regain relevance*

Classical and traditional management education will soon be outdated if it does not help to find answers to fundamental questions such as:

- how to manage rapid change, complexity and discontinuity;
- how to add differentiated value at the last minute;
- how to use technology more effectively;
- how to develop entrepreneurs and keep variety in perspective;
- how to take care of people, health, education, the environment and important social values;
- how to develop both the courage to manage and a high sense of responsibility.

Management education is still a fragmented industry where economies of scale have not been implemented. Large organisations, for example in the high-tech sector or consulting, or joint ventures by both, may one day choose to start providing "a global distance-learning MBA or executive programme" with all the good features of traditional programmes plus all the added value that a large service company can offer: benchmarking databases, video-conferencing, international experts on line, international team-work, virtual libraries and so on. Regional institutions may then become franchisees of such large providers, offering local services, contacts with individual participants and companies, follow-up, examinations, internships and other services under supervision from the programme brand owner.

1.7 *Summary and conclusions*

Painting a picture such as the one above is very much like looking into a crystal ball in a foggy environment. On a clear day you can see very far, but in rough weather you have to decide for yourself. Buzz words and fads are poor indicators of what is going to happen in management education. "Learning organisations" seem to be an empty concept where one can find only what one brings. We need more individualised learning and self-development, as well as more collective sharing and learning. We need more research, more innovation and a better approach to complexity.

Everyone will have to care about his or her employability. Governments have shown that they can do very little about this unless they abolish social legislation and protection. We all fear the loss of our national industries, because we cannot see what is coming next. Clearly, to gain something from the future, we have to be prepared give up something from the past. But we do not know yet what we are going to gain from the future.

For programme designers and people in charge of management development, inventing, modernising and improving programmes is a necessity. Providing basic subject knowledge should no longer be necessary in most cases, and where it is deemed necessary (such as in countries where important knowledge gaps have yet to be filled), a wider use of self-development tools and technologies can provide an effective solution. In their programmes, the providers of management development services should address the real issues facing European businesses and societies: globalization, environmental management, ethics, technology or "netsofter" management, change management, co-operation with other cultures, coping with unemployment and so on. More time needs to be dedicated to research activity during the curriculum. Research skills should be developed, as routine work will increasingly be replaced by symbolic and conceptual activities. The large Asia-Pacific area should be looked at carefully, given the importance of its booming economies.

The more we think about the range of skills needed by the twenty-first-century manager, the more the image of a cosmonaut comes into the mind. The cosmonaut is well trained (both mentally and physically), well educated (both scientifically and behaviourally), a scientist as well as a leader, rigorous as well as creative, hard working as well as imaginative, risk taking as well as routine-minded, technology-minded, stress-resistant, a quick decision-maker, head in the sky but feet on the ground. This could easily be the new managerial paradigm of the twenty-first century.

Management development and education are historically dated. There is a risk, then, that they will become outdated. They were developed during a period of relative stability and homogeneous environment, under a set of values based essentially on Taylorism. The introduction of the first generations of computer technology reinforced this position. Decisions were still centralised. But discontinuous change, virtuality, globalization, the need to act instantly and "just-in-time", hyper-competition, complexity, the introduction of the Euro and all the set of forthcoming changes in the European economy, and many other factors discussed in this chapter are bringing new challenges for managers. Management development must prove its ability to help its clients meet these challenges.

Programme design and content will have to adapt. But will this be sufficient? Is the concept of "school" or "training centre" still relevant in the business environment?

The method of teaching the new with the old is definitely not satisfactory. We may also have overprotected the managers taking part in development programmes. Life in an executive suite is not precisely an easy journey, but management programmes reflect real-life situations less and less, despite all efforts to use more simulation and action learning. Are schools to become like monasteries, where human minds learn about a paradise to come, while life outside is more than treacherous?

A bold and creative approach will have to rethink a system which has produced, and still continues to produce, results. Building on the fact that all our economies are in transition, all those involved in education for management and business should revise their assumptions and missions.

Chapter 2
In Praise of Learning

"It is possible to have the experience but miss the meaning." T.S. Eliot

Arguably, avoiding Eliot's problem – having the experience but missing the meaning – is one of the key challenges to management learning, now and in the future. Managers have many experiences, but too seldom reflect upon them. Teachers and trainers focus too much on *their* experiences and *their* knowledge, and so miss out on the experience of programme participants.

In this chapter, we begin by trying to define what learning is, what teaching is and how we learn. We then turn to the resultant demands on learning methodologies, emphasising the impact of technology. Next, we explore the skill requirements of those engaged in facilitating management learning in the future and the emphasis required in management development programmes. We then look at the requirements of learning partnerships, who they will be between and to what purpose. Finally, we reflect on "life-long learning", why it is important and how it might be achieved.

2.1 *What is learning?*

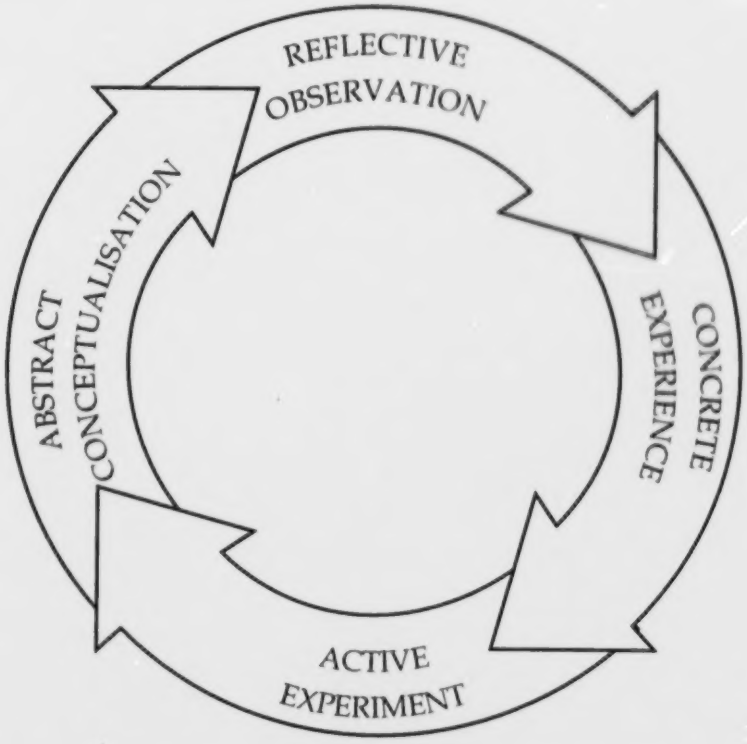
If you put this question to twenty people in a room, you are likely to come up with twenty different answers. At the 1996 International Teachers Programme, for instance, participants came up with a variety of responses. "Changing perspectives", "assimilating knowledge", "understanding and the ability and motivation to use knowledge" were just three of these.[1] Implicit in these are two aspects of learning: *acquiring knowledge* and *using knowledge*. This echoes a quite widely accepted definition:

> *Learning is the process by which skills, knowledge, habits, values and attitudes are* **acquired** *and* **utilised** *in such a way that behaviour is modified.*[2]

If we accept this definition – as we believe that the successful provider of management learning of the future must – then those involved in individual and organisational learning must accept responsibility not only for imparting knowledge but also for facilitating its use. This implies too that all involved – business schools, management training centres, consulting firms, human resource professionals and individual learners – will need to know more of what learning is all about. Models of the learning process such as the Kolb learning cycle (see Figure 2.1) will need to

be known and actively discussed by a far wider circle in order to guide professional practice in the effective facilitation of learning.

Figure 2.1
Kolb's Experiential Learning Cycle



Individual learning styles will also need to be understood better through a wider use of tools such as learning-styles questionnaires. Peter Honey and Alan Mumford[3] have pioneered valuable work in this area in the belief that "people ought to be helped to learn effectively instead of being exposed to inappropriate learning experiences, or being given learning experiences without knowing how to use their learning strengths."[4] Basically, what these questionnaires do is analyse learning styles according to different typologies, such as "activist", "reflector", "theorist" and "pragmatist". Pragmatists, for example, like clear links between theory and practice, activists like to experiment themselves, reflectors will not buy "easy" messages, and so on. This implies that we need to impart knowledge using an intelligently chosen set of learning methodologies. We need, therefore, to move beyond a focus only upon teaching.

2.2 *What is teaching?*

A *teaching* emphasis differs from a *learning* emphasis. Teaching is led and dominated by the teacher as expert, handing down knowledge. Frequently, it is a one-way flow of information: the teacher gives and the student takes. It implies carefully programmed sessions with teaching carried out in fixed blocks of time.

Successful learning providers in the future will not turn their backs on teaching. When well executed, it is indeed a valuable learning method. For instance, a recent survey of educational levels in mathematics and science around the world showed the Asian Tigers (Singapore, South Korea, Japan and Hong Kong) and Bulgaria, the Czech Republic, Hungary, Slovakia and Slovenia, to be significantly ahead of Great Britain, Germany and the United States.[5] This success is attributed - at least by *The Economist* - to the fact that, "those countries spend more time on basic arithmetic rely on standard teaching manuals and favour whole-class (as opposed to group) teaching".[6]

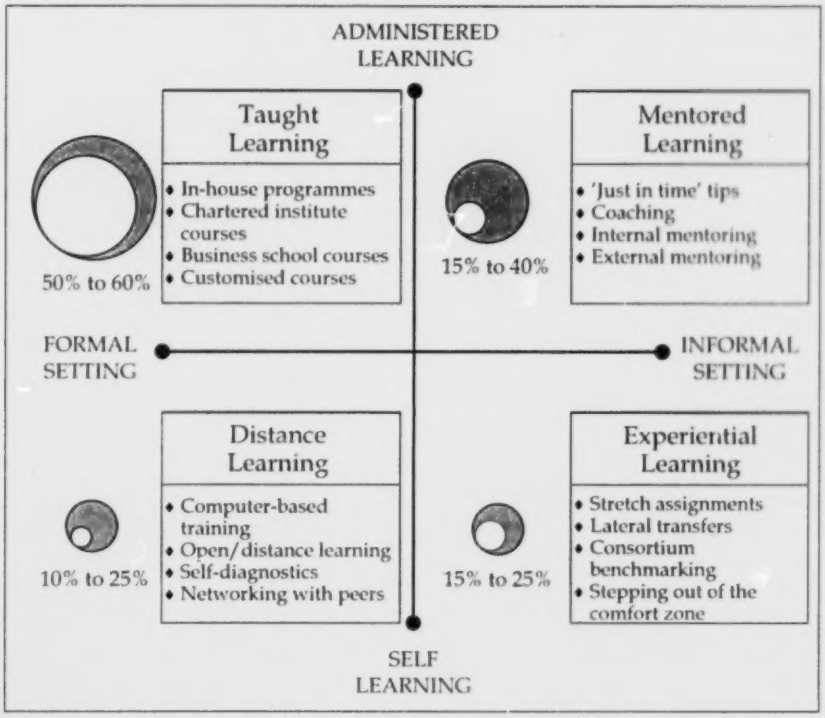
We *do* indeed learn through traditional approaches. One can be truly inspired, for instance, by a great lecture. And we must remember that in many cultures, particularly in emerging economies and the former communist countries, lectures, rote learning and classroom teaching used to be the accepted form of management education. The successful business school of the future will still use traditional management teaching approaches – such as lectures and case studies – but not as the only, or pre-eminent routes to learning.

In a recent study carried out in the aftermath of de-layering in a wide range of European companies,[7] Amin Rajan has identified four distinct categories of learning, and four subsets within each main category. As shown in Figure 2.2, the categories are taught learning, mentored learning, distance learning and experiential learning.

The figure also shows the proportion of employers using or expecting to use each of these over the period 1996–2000. Although the results of the study show that two in five employers use formal off-the-job classroom-type training routes for their managers at present, he also suggests that the overall proportion is unlikely to change over the next decade. In marked contrast, the proportion is likely to grow for mentored, experiential and distanced-based learning routes.[8] The reasons he cites are twofold: first, the ascendancy of core skills consistent with the changing market environment; and second, the ascendancy of self-responsibility for learning in the current culture of employability and ownership of one's own career, as opposed to career-long employment within one organisation.

Thus, many of those involved in management learning at present may well have to broaden or supplement their present capabilities in order to keep abreast of emerging market needs.

Figure 2.2
Categories of Management Learning



Source: Rajan and van Eupen (1996).

2.3 *How do we learn?*

There are many pathways to learning, some of which are:

- day-to-day problem solving
- experience/on-the-job learning
- action – success and failure
- observing/copying/repeating
- feedback from others
- peer behaviour

- reflection
- experimentation
- conversation/discussion/debate
- classroom teaching
- reading/studying

Think back on some of your own most significant learning experiences. They may include failing at something you really wanted to do. They may include a cultural experience gained from visiting a country very different from your own. They may be derived from extensive conversations with someone you really respect or from working in a mentoring relationship. They may come from copying the behaviour of someone you look up to or emulate, or from walking in the mountains and thinking about your experiences. Clearly, there are many ways to learn, of which classroom learning is just one.

In addition, many of us pay far too little attention to the learning we acquire constantly within our working environment. Much new learning relates to new responsibilities, projects and initiatives, where those involved learn by doing. Those involved in the "learning business" need to acknowledge the difference between classroom learning and on-the-job learning. Arguably, they need to focus much more attention on enhancing awareness of on-the-job learning and how best it might be exploited.

Convention, nonetheless, tends to make us feel that we learn most by classroom and study methods, learning from teachers and books. But, as people such as music teacher and conductor Benjamin Zander are showing us, we can experience the joy of learning through inspirational and unconventional methods. Imagine, for example, 800 people singing Beethoven's "Ode to Joy" in German together, conducted by Zander. This took place at the end of a three-day conference on "The School of the Future", held at the Arthur Andersen Centre for Management Education in April 1997. It was a deeply moving experience, which many of us who were there will never forget.. It was *joyful*. It did not hand over information. It did radiate possibility. And is that not what education should do? As Zander says, "Music, like acting, is all about getting in touch with your deepest emotions."[9]

At times, we tend to forget that we can learn through all our five senses, not just through hearing, but through touch, vision, taste, and smell. In her richly imaginative book, *A Natural History of the Senses,* Diane Ackerman writes about learning from our sense of smell:

> *A smell triggers powerful images and emotions before we have time to edit them. there is almost no short-term memory with odours. It's all long term. Furthermore, smells stimulate learning and retention. When children were given olfactory information along with a word list the list was recalled much more easily and better retained in memory that when given without the olfactory cues*[10].

Perhaps, therefore, we need to experiment more with putting all the five senses into our adult learning processes. Perhaps also, we strive too often to take the fun out of learning. Peter Drucker, the greatest management thinker of the century, has said that, "Learning should be joy"[11]. If so, how can we make it more joyous?

In this regard, we might well look at the education and learning of children. This can be a valuable source of creativity enhancement in the whole area of management learning. Twenty years ago, Seymour Papert, a mathematician at MIT, began pilot projects with the computer language Logo, which he invented to enable children to write programmes. Says Papert:

> *There are two basic ideas of education. One is instructionism; people who subscribe to that idea look for better ways to teach. The other is constructionism; we look for better things for children to do, and assume that they will learn by doing. When we say we educate children, it sounds like something we do to them. That's not the way it happens. We don't educate them. We create contexts in which they will learn*[12].

If a key challenge of the future is to help people to take charge of their own learning, then we would do well to look towards people like Papert for guidance and think more about contexts for learning. Also, we might turn our attention not only to *explicit* knowledge creation (expressed in words, numbers, equations, manuals and procedures) but also to *tacit* knowledge. Tacit knowledge has to do with emotions, feelings and beliefs. It is learned by experience and communicated only indirectly. Its importance is argued compellingly by Ikujiro Nonaka and Hirotaka Takeuchi in *The Knowledge-Creating Company*.[13] Creative and foresightful management educators embrace these ideas.

The management developers of the future might well aim to be as expert in how to *educate* as in what they *teach*. Arguably, the successful business school of the future will have a centre or department of management learning. In such an organisation, an emphasis on the *hows* of learning would be embraced to ensure that the institution would:

> *mount programmes based on clear and thought-through learning principles see(ing) knowledge as diverse in its content and form and dispersed in an uncertain manner. The attitude would be more to facilitate discourse between different forms and owners of knowledge, including practitioners and reflectors (and the approach to management development would be) based as much on expertise in the learning process as on expertise in management problems and disciplines acknowledging the dispersed, multi-form and uncertain nature of management knowledge*[14].

This quote comes from John Burgoyne of Lancaster University in the UK, where there is a unique Centre for the Study of Management Learning. Another European management centre that has paid particular attention to learning processes is the Management Institute in Lund, in southern Sweden. There, the emphasis is on *action reflection learning*, a synthesis of "the best" of both "classic management development" and "action learning".[15] Figure 2.3 provides an overview of the underlying concept of these three approaches.

Figure 2.3
Three Concepts of Learning
Action Learning and ARL - What Are the Differences?

Thesis	Antithesis	Synthesis
CLASSIC MGMT. DEV.	CLASSIC ACTION LEARNING	ACTION REFLECTION LEARNING
Experts know the truth	Managers know the truth	We are all researchers and managers
Understand the world	Change the world	Understand the world in order to change it
Models are provided to offer tools for thinking and action	Models are developed in response to problems	Interaction between theory and practice
Content in focus	Form in focus	Form and content interrelated
Theory-based simulations in classrooms	Practice-based real-time tasks at the workplace	Combination
Absolutes	Relativity	Commitment in relativity

The reflective approach of action reflection learning is seen as badly needed by results-driven action-oriented managers and involves reflection on their own and others' real-life experiences and gaining new learning by solving real problems. In contrast, some of the world's most renowned business schools have paid too little attention to the learning process. Attention is, however, shifting towards a much greater focus on what learning is and how we learn. It will continue to do so in future, especially since clients (both organisations and individuals) are making more and more demands for demonstrable learning outcomes and for management development initiatives that are measurable transformation processes.

The new learning focus has also been fuelled by the success and the discussion generated by Peter Senge's book, *The Fifth Discipline*. Senge argues convincingly for the creation of learning organisations where "people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is

set free, and where people are continually learning how to learn together."[16] Could anyone involved in the business of management learning fail to be energised by such a bold new world?

2.4 *What learning methods should we use?*

As appreciation of the many pathways to learning increases, so does the appreciation of the need to employ a range of learning methods in management development. Figure 2.4 shows the range of approaches currently used (or under consideration) in the executive education programmes at London Business School (LBS).

Figure 2.4
Executive Education: Multiple Learning Methods

Traditional	Peer Group	Technology Based
• Lectures • Case Studies • Senior Mangement Input • Guest Speakers • Debate	• Group Exercises • Brainstorming • Networking • Participative Learning Methods • Peer Consulting • Outdoor Training • Open Space	• Simulations • Distance Learning • E-Mail • Video Conferencing • Lotus Notes

Action Oriented	Bench-marking	Broadening
• Project Based • Action Learning • Action Reflection Learning • 360 ° Feedback (and follow up) • Individual Action Plans • Group Action Plans	• Experience Sharing • Site Visits • Other Investigative Learning	• "Time Out" • Reflection • Arts, Music, Painting, Poetry • Non-Traditional Guest Speakers • "Imagineering": thinking outside the box

Source: London Business School

It will be seen that the approaches used extend from the traditional methods most commonly associated with business schools – lectures, case studies, classroom discussions – through to a variety of approaches focusing on peer group learning, action-oriented learning and benchmarking against other organisations. These latter three approaches have a strong commonality: they focus less on the knowledge of the teacher and more on the knowledge, current concerns and experiences of the participants. As well, there is a greater focus on the role of business schools in broadening perspectives (see also Chapter 4). IMD's President, Peter Lorange expressed it as follows in a recent article:

> *Because any learning process is a change process, objectivity is essential, and being trapped by the past and one's own "psychic prison" and "internal censorship" relating to ones own decision making style must be avoided. Organisational learning is most satisfactory when it is achieved through inspiration, is based on coming up with new impulses and ways to create new value. An outside catalyst which is able to contribute fresh research and analytical insights will probably be a more inspiring partner than one that provides dogmatic "truths".*[17]

But perhaps we need to do much more to help managers to think creatively – to think outside their box. At LBS, we are beginning to find that approaches that move us outside our box – for example into the world of drama and music – can be a great source of inspiration. In our senior executive programme, we have used drama school teaching techniques such as improvisation and elementary acting exercises and have found that they can greatly facilitate self-understanding, building of a group identity and creativity. In addition, we have shown how theatrical techniques and disciplines such as rehearsal, preparation, interpretation and direction can be used by the business community to deliver powerful and effective communications. But perhaps we need to go even further.

For are we not also "trapped in a world of niches.where each one is separated from, wholly indifferent to and even hostile to the wishes and interests of those in other niches"?[18] Do business schools, particularly those that are part of a university, have an obligation to encourage a multiplicity of views and to facilitate debate, deep questioning and the pursuit of real understanding? Should more of us be encouraging a wider debate – as, for instance, The Aspen Institute in Colorado does with its executive leadership seminars, in which topics such as politics, philosophy, democracy, equality and human rights are debated? The foresightful management developer of the future might be well advised to grant Charles Handy his wish:

> *If I were to be granted one small wish for the future of management education, I would want more attention to be given to the study of power and politics, of history and philosophy, for less time to be spent on the clockwork parts of organisations and more on the natures and mores of the clouds.*[19]

We need, therefore, to continue to broaden our learning focus and approaches, and to experiment. We also need to learn more about which learning methods are appropriate to different types of learning outcomes. Some years ago, John Burgoyne and Roger Stuart carried out an examination of fourteen different management development programmes in terms of the learning theories

implicitly or explicitly underlying them, and the learning goals and outcomes.[20] The programmes were purposely selected to cover a wide variety of approaches and schools of thought on learning theory (see Figure 2.5). In considering some of the relationships between learning theory and learning outcome, it was found – not surprisingly – that, for instance "problem solving skills are best developed by project-type work on real problems; that experiential approaches enhance social skills development, and so on" [21]

More surprisingly, however, they also "obtained data suggestive of other relationships perhaps less generally acknowledged by practitioners in this area: for example, that information-transfer types of approaches can contribute to more than just learning of facts. Giving new ideas can contribute to social skills, perceptual skills and mental agility, for instance."[22]

Clearly, much more attention still has to be paid to the linking of learning approaches and learning outcomes. We all need to embrace a broader range of approaches in our management development initiatives. But we should not ignore the earlier example of the Asian Tigers, nor the research findings above. There may well be areas of skill development that can be best (and most cheaply) met by simple learning approaches, including those driven by the advent of new technologies.

2.5 *What about technology?*

Technology, which will be reviewed in detail in Chapter 5, is reshaping the learning process quite profoundly, and to an extent that most of us do not yet realise. In the words of Gary Hamel and C.K. Prahalad:

> *The business world is standing on the verge of a revolution as profound as that which gave birth to modern industry. It will be the environmental revolution, the genetic revolution, the material revolution, the digital revolution, and, most of all the information revolution. Entirely new industries, now in their gestation phases, will be born.*[23]

Whatever happens, we can be sure that the MBA students of ten years time will have been brought up with technology. Most already are masters of e-mail communication. Most already "surf the net" as a matter of course. Increasingly, technological literacy has to be emphasised just as strongly as reading, writing and arithmetic. Indeed, most of the current MBAs already fit this profile.

Those who see technology as a threat to conventional learning approaches should, however, take heart from Andy Grove, the CEO of INTEL. A visiting professor at Stanford, Grove is convinced that there is nothing that can better face-to-face classroom contact.[24] Nonetheless, technology is presenting the learning community with huge opportunities:

> *Technology is rendering the learning process more flexible in terms of space, time, content, selection, access, qualifications and teaching resources. It enables education providers to serve a larger and more diversified community of learners. Learning and knowledge come from an ever broader range of sources".*[25]

Figure 2.5
Schools of Thought on Learning Theory

School of Thought	Model of Man	Metaphor	Principles	Applications
Conditioning	[illegible] system	Telephone exchange	Reinforcement, association, practice, feedback	Programmed learning, language laboratories, educational technology, rote learning
Trait modification	Set of characteristics	Tool kit	Fixed and learnable attributes	Profiles, training needs by subtraction
Information transfer	Information store	Library or filing system	Organizing, sequencings, reinforcing	Syllabus based programmes, "Telling" methods
Cybernetic	Information processing/ decision making/ controlling mechanism	Complex computer	Feedback, discovery, programming	Simulations, technique tell/test
Cognitive	Experiencing person	Navigator with a personal map	Assimilation and accommodation reflection, insight	Learner centred/ problem centred discussion, reflection
Experiential	"Whole person", agent not patient	Like us	Autonomy, self actualization, removal of block, affective feedback	Structured exercises, encounter groups, learning community
Social influence	Persons as socially defined entity	Like us	Identification, modelling, disconnection, suggestion, affirmation	Induction processes, rituals of role passage. Some role playing
Pragmatic	The belief that learning is "common sense", that there is no theory			Selection of methods that appear to "work". Some case studies, and some project work

Source: John Burgoyne

The emerging technologies fall into a number of broad categories:

- *Networking.* This includes LANs, WANs, the Internet and applications enabled by networks, such as audio conferencing, video conferencing, e-mail, and co-operative software and groupware which allows collaboration over networks.
- *Multi-media.* This encompasses a range of data/voice/sound types, including analogue and digital video, two-dimensional and three-dimensional animation, and hyperlinks. It also includes delivery media such as CD-ROM discs and drives, graphics display hardware and sound cards.
- *Mobility.* In essence, this is an outcome of networking and a result of miniaturisation, including notebook computers and wireless LANs for instant virtual workgroups or dial-in services permitting access anytime, anywhere.[26]

Already, leading business schools are investing significantly in new technologies, particularly to assist communications and networking, information access and computer-assisted instruction. This can facilitate, among other things, mentoring (advice and guidance to students), personal networking between students, project-based learning, distance guest-lecturing and interactive discussions, storage of and access to course materials, the use of business simulation games, retrieval of information from on-line information archives, collection of course evaluations and course projects, and practice in the use of emerging technologies. What we have yet to come to grips with, however, is the extent to which technology will provide an alternative learning model. To make technology work to advantage, we need to pay much more attention to individual learning styles and to what works best for whom and why, when and where. Technology that merely replicates paper presentations is not enough. We need to develop a much greater understanding of how technology can facilitate learning: what works best when, and for whom. We also need to determine how technology will impact on the profile required of those involved in learning provision, on curricula, and on market demands.

2.6 *What sort of faculty will we need?*

Let's start with the gurus. Here, the best estimate is that there are probably only fifty people in the world who are "global superstars" and a further 250 global stars who work with a variety of companies around the world.[27] Many of the superstars ride on the crest of successful books: Peter Drucker, Tom Peters, Gary Hamel, C.K. Prahalad and Charles Handy are examples. To them, in the future, we shall increasingly add "the *digital gurus,* preoccupied by working out what the microchip, PC and Internet mean for everybody."[28] Among those who presently fall into that category are MIT's Nicholas Negroponte, the executive editor of *Wired* (the Internet trade paper), Kevin Kelly, economist George Guilder and Microsoft's Bill Gates.

Will the gurus continue to thrive and prosper? Our answer is, "Yes". Some will rise and fall as others replace them, but their appeal will continue, particularly in "tackling big subjects that touch all our lives".[29] However, they are changing their approaches to learning. They certainly continue with their books, articles in *Harvard Business Review* and high-priced addresses to large audiences. But they are also making more and more use of video conferencing, cyber-forums and other technological means of reaching many without travel. In this way, the message of the gurus is becoming available to an increasingly wider audience.

What then of the rest, the majority – "major-leaguers", "professionals" and "semi-professionals" – located in business schools, management institutes and centres around the world? According to Robert Fulmer and Al Vicere,[30] they numbered some 30,000 in 1995. This number is likely to increase as demands for management education and training continue to grow, as more and more independent consultants enter the field, and as developing countries increase their involvement and reputation in management learning.

If the conclusions reached above are correct, many of those involved will have to augment "conventional" learning approaches with "enterprising", learning-focused approaches. Figure 2.6, taken from a paper by Allan Gibb of UK's Durham University Business School, summarizes the shifts that need to be made.

Figure 2.6
Conventional and Enterprising Teaching Approaches

Conventional approach	Enterprising approach
• Major focus on content • Led and dominated by teacher • Expert hands-down knowledge • Emphasis upon "know what" • Participants passively receiving knowledge • Sessions heavily programmed • Learning objectives imposed • Mistakes looked down upon • Emphasis upon theory • Subject/functional focus	• Major focus on process delivery • Ownership of learning by participant • Teacher as fellow learner/facilitator • Emphasis upon "know how" and "know who" • Participants generating knowledge • Sessions flexible and responsive to needs • Learning objectives negotiated • Mistakes to be learned from • Emphasis upon practice • Problem/multidisciplinary focus

Source: Allan Gibb

These shifts demand that "teachers have action-oriented teaching styles and are capable of using the full range of different 'process' methods listed."[31] They also demand that, as mentioned earlier, those involved in the delivery of management learning will have to be, "as expert in how to educate as in what they teach". This in turn implies a far greater emphasis than ever before on *team teaching that blends complementary knowledge and learning approaches and on programme and learning process design.*

Today, new types of management development professionals are emerging who specialise in learning processes and programme design and direction without necessarily being involved in programme delivery. Sometimes they are located in company management development departments. Sometimes they are in consulting firms, and sometimes they are in business schools. They are the "programme directors", the real architects. Theirs is the responsibility for assembling the right faculty team and the right mix of learning methods, and for briefing the faculty before and during the programme. They are the principal learning designers and facilitators. As well, they are the ears and eyes of the participants during the programmes.

In the past, in business schools at least, faculty members have traditionally acted as programme directors. Now, however, several schools are experimenting successfully with the use of non-faculty members in this role. Quite often, the new breed of programme directors are drawn from industry or have a consulting background. Arguably, therefore, they have a stronger understanding of client needs, particularly when working on company-specific programmes.

As well, there is and will be an increasing need for tutors/learning coaches/mentors. These work with individuals or small teams to create "a safe relationship in which the manager can bring up and problemise his dilemmas in his everyday activities as a leader."[32] In this relationship, the role of the learning coach is to listen and assist the individual to come up with ways of dealing with these dilemmas, sometimes through advice and comment, but also through facilitating a process of reflection that drives the learning process.

There will then be new roles, filled in business schools by staff with newly developed skills or by others specially hired to perform these roles. For the newcomers to succeed, it will be critical that faculty members see them as playing a role equally important as their own.

2.7 *What will the learning emphasise?*

Are "enterprising pedagogies" all that will be needed? Certainly not. If we are to focus much more on the experience of participants, there will be an ever increasing pressure for relevance and *involvement*. In 1990, the Carnegie Foundation carried out a major study on the advancement of teaching. The study identified four types of academic work relating to business studies and education: the scholarship of discovery (research); the scholarship of integration (answering the question, "What do our findings mean?"); the scholarship of application (applying theory to practice); and the scholarship of teaching (making academic work understood by others). From this, the conclusion was reached that:

> *relevance in business school work becomes the key issue. In this context, research, for example, is more likely to start from a practical or policy issue than from a theory. An interdisciplinary approach is more likely and along with it recognition of the fact that in society, a live problem is not easily classified into boxes labelled economic, social, psychological and so on. There will also be challenges to the traditional organisation of business knowledge around functions rather than around the* **processes** *of business development.*[33]

While progress in these regards has been slow, it is nevertheless there. Within business schools, interdepartmental team teaching is increasing. Moreover, there increasingly is – and will be – a fusing of functional departments and departmental territories such as marketing and strategy, or strategy and organisational behaviour. Sumantra Ghoshal's recent *The New Moral Contract*[34] is an example of the latter. And indeed, strategy – especially when focused upon implementation – is very much focused on processes.

In addition, management development – at least at the post-MBA level – is already focusing much less on academic disciplines than on the key issues facing managers and organisations. Among the latest offerings of IMD in Lausanne, Switzerland are, for example, programmes on orchestrating winning performance, developing an international competence, and leadership competencies. Furthermore, as indicated by the name of the last programme, there has been an increasing emphasis on the development of management competencies in recent years. At the same time, there has been plenty of debate on if and how management competencies can be developed.[35]

Clearly, the emphasis of management learning is changing. Curricula have traditionally been built according to the triad shown on the left of Figure 2.7.

This shows, in descending order of emphasis:

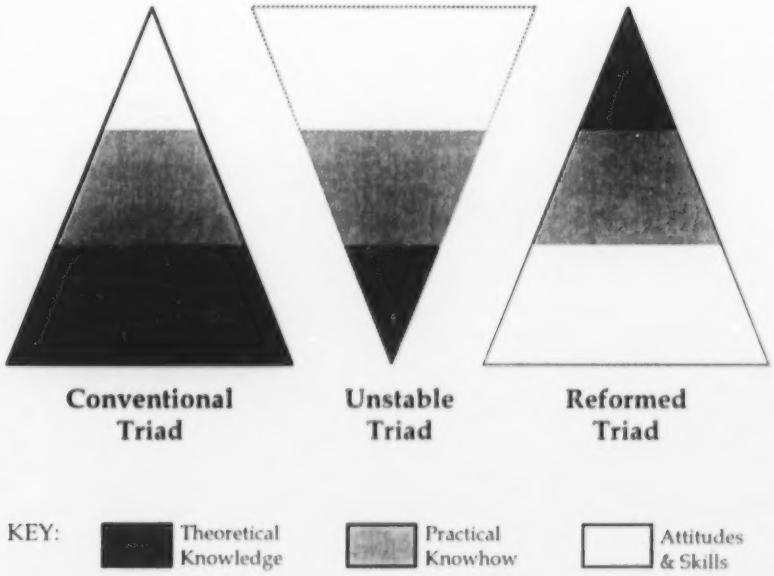
- development of theoretical knowledge (most important);
- development of practical know-how, defined to include core skills (competencies);
- development of appropriate attitudes and behaviours, defined to include personal qualities (third).

To meet today's learning needs, we need to invert the triangles, or at least to fundamentally re-examine them. We need to focus as much on the development of practical management and business know-how and know-who[36] as on theories, critically important though they are. Equal weight needs to be given to the *art* of effective management as to its *science*.

There is a long way to go. Arguably, consulting firms and non-university providers of management development are ahead of the traditional business schools in some regards. Those who wish to succeed in the future will have to pay more attention to the conclusions of Robert Fulmer and Al Vicere in *Executive Education and Leadership Development*. Their closing words read as follows:

> *the demand will be less for traditional programmes and more for a new type of process. This process will be much more focused on the marketplace, driven by applied research, rooted in partnerships, and measured by contributions to the growth and success of corporate sponsors and individual participants.*[38]

Figure 2.7
Changing Priorities in the Education System



Source: Rajan (1992)

2.8 *What does life-long learning imply?*

While there is a lot of talk about the need for life-long learning, few institutions presently seek to construct their management development offerings from this perspective. Although populations of the Western world are almost all "ageing", programmes tend to be targeted predominantly at people in their twenties and thirties, with some for those in their forties, but very little beyond that. It is as if those beyond fifty are neither employable nor able to learn. In fact, however, to quote from an article by Richard Boyatzis, Scott Cowen and David Kolb: "As they look for more from life and seek resolution of their growing sense of restlessness, this disproportionately large segment of the workforce represents a unique opportunity for management education."[39]

To meet this specific need, together with the overall demands for life-long learning, the Weatherhead School at Case Western Reserve University has developed "a learning perspective, which allows us to align programme design with the specific needs of individuals at various stages of their lives and careers."[40] The idea behind this approach is that consideration of these stages or cycles of change will improve management education. Traditionally, management education has in most cases been designed for undergraduates and MBAs, with the same approaches then being applied to practising managers and executives.

The above-mentioned article reviews the various theories of life stages and life cycles and comes up with a convincing list of the reasons why they should not be ignored. These include on the *individual* level such factors as loss of self-esteem and increasing self-doubt, loss of time (no change in life, or stagnation), loss of energy, and competency displacement to outside the workplace. For *organisations* too, the results can be negative, including the loss of key people, decreased innovation, repeating mistakes and loss of commitment.[41] The authors go on to offer some possible approaches for people at various life stages and career cycles. These include suggestions that:

> *Individuals interested in management as a career should begin their graduate studies after five to seven years of work in their late twenties or early thirties. This is a time of transition in which a person is creating an identity for himself or herself independent of parents and other early reference groups. The basics should include learning units on: accounting, finance, operations management, statistics, human resources and organisation behaviour, and management information systems. To be most in tune with the person's emerging interests and perceptions, as the person nears the forties, learning units should examine values, life purpose, goals and provide opportunity to examine his or her life as a whole. Once the person nears the fifties, learning units should explore a variety of non-occupational aspects of life, such as art, music, philosophy.*[42]

Do we hear a cheer from Charles Handy? Possibly. Others, however, may well disagree with the prescriptions suggested. Nonetheless, Figure 2.8, which shows the Weatherhead programmes mapped against life and career stages, is certainly intriguing.

Others too, such as Amin Rajan[43] and the Roundtable of European Industrialists,[44] have also been linking learning needs to personal life cycles. Perhaps, therefore, especially with European demographics developing as they are, we might all pause and look at our own management development offerings in this light. Therein might well lie some exciting possibilities for the business school of the future.

Figure 2.8
Life and Career Stage Presentation of WSOM Programs

LIFE CYCLE MODE*	P/L	P	P/L	P/L	P/L	P	P/L/D	L/D
AGE RANGE average	18-21	22-34 26.4	22-34 -26.4	28-45	32-45 37.5	22-65	38+ 46	45+
CAREER STAGE	Precareer	Early career	Dissatisfied with job. Org. career	Dissatisfied with job. Org. career	In mgt., identified as high potential	Functional job/mgt. Performance	In mgt., prof'l organization	At top, generative
CAREER FOCUS	Looking for options & possibilities	Need to develop to move ahead	Need to change directions	Career change	Elite status important, cost is not	Functional needs, specific skill needs options	Adv. prof'l looking for advancement in mgmt. or career	Looking for ways to contribute to society
WSOM PROGRAMS	BS ACCTG. Or MGT. Electives or minor towards BA	(Not clear direction, but searching) FT MBA, FT MBA/JD (In a hurry, eager, desperate) FT MBA, MACCTG, MBA/MSN, MBA/MSMS (Not in a hurry, need to support self, family) PT MBA		MNO MODSA	EMBA	AFFILIATES, HSMC/EDI/ MOT/ GROWING ENTERPRISE PROGRAMS, MANDEL CERTIFICATE	PROFES-SIONAL FELLOWS PROGRAM	EDM
Organization Development	Corporate University, Family Business Program							

*Note: Modes of growth and adaptation throughout life and careers, from Boyatzis and Kolb, 1993;
P=Performance Mode or Mastery
L=Learning Mode or Novelty
D=Development Mode or Meaning

© *Boyatzis, Coven, Kolb*

2.9 *Summary and conclusions*

If we accept that learning is both about acquiring and using knowledge, then those involved in the delivery of management development programmes and processes will need to move beyond a focus on teaching. They will have to focus as much on the learning process as on imparting their knowledge: *how* we teach must be as important as *what* we teach.

In this chapter, we have highlighted a number of approaches to making the management learning process more effective. In brief, these include:

- placing both learning and relevance at the top of the agenda;
- getting to know more about how people learn and exploring new, unconventional and daring routes to learning, focusing on the generation of both tacit and explicit knowledge;
- helping individuals to take charge of their own learning, developing more individualised learning approaches and catering to individual needs at various stages of life and career;
- focusing, in programme delivery, as much on the knowledge and experience of participants as on our own knowledge;
- harnessing the potential of technology, particularly in terms of flexibility in space, time, content and access, and in terms of reaching a wider community of learners;
- emphasising not only the development of outstanding teaching faculty but also the development of outstanding programme designers and directors, learning coaches, tutors and mentors;
- concentrating not just on business disciplines (marketing, finance, accounting, strategy, organisational behaviour and so on), but also on interdisciplinary teaching, and the development of values, competencies, skills, attitudes and behaviours;
- using management development to broaden perspectives, awaken the imagination and broaden visions;
- constantly searching for new ways of embedding learning, measuring learning outcomes and making programme evaluation processes more effective.

In all this, we are not arguing for an end to formal classroom teaching. Rather, we are arguing for the continuous exploration of new pathways to learning. *Learning should be joyous. Let us make it so!*

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Chapter 3
Responding to New Challenges in European Companies

This chapter focuses on executive development, that is, the needs and the requirements of managers with practical responsibilities, beyond the initial management education of an MBA type or similar. It addresses the specific need of business companies and discusses mainly in-company concerns and activities. However, the basic principles, approaches and recommendations are applicable in all organisations.

3.1 Economies in transition – companies in transformation

Europe is undergoing dramatic changes. In the West, there is a traumatic realisation that the "glorious days" are over; in Central and Eastern Europe, there is a historical transition towards a better future. The growing prosperity in Asia and Latin America and the potential in Africa is putting Europe in a new situation. In this period of transition, when many fads have been tried and few have succeeded, the need for learning across borders and learning from each other is greater than ever. It could be of vital importance for the continued prosperity of the West to acquire more of the social, human and family values of the East. Globalisation has changed the nature of the game for a large number of managers and leaders in small and large European corporations. There is an increasing need to develop the capability to:

- manage in different cultures and business environments
- manage cross-cultural management teams, project teams and task forces
- mobilise people across borders
- lead global change
- monitor business improvement globally and locally
- develop and implement global strategies
- be humble so as to learn, respond, respect and be respected at any place, anytime

The ABB management profile 2000 (Figure 3.1) is an example of how a large organisation is redefining the manager's role. To mention another example, at the Global Leadership Conference in Brussels in May 1997 a global leader was described as a person who:

- is listening and curious
- has a sensitive advocacy
- is culturally sensitive
- is valuing and leveraging differences
- is capable of seeing and communicating the essence
- is capable of creating a framework to involve, to integrate and implement

Most of the requirements and characteristics of a global leader are more "learnable" than "teachable". How can these capabilities be developed and enhanced? *The learning organisation* concept has certainly evolved from the notion that a greater portion of the skills and competencies needed to succeed in a complex, global, fast-changing environment are difficult to teach in the traditional way. Therefore, global corporations need to develop strategies, leadership concepts, processes and tools that will enhance learning; in other words, they need to become learning organisations in which the changing needs and requirements can be continuously addressed.

A few years ago, a large, global, fast-growing corporation asked one hundred managers around the world how much of their working time was spent changing things, innovating, and seeking new and better ways of managing. The answer was astonishing: 1–5% of their time, but *not* within normal working hours. The main reason for this was that they were "too busy" doing their daily work. This surely is an indication of the need to develop *structured learning processes* or a *framework for learning*, in which the leaders will be supported in efficiently responding to new and upcoming issues. In summary, we need to develop and implement concepts of *mutual learning*, to achieve a better, common, cross-cultural understanding as a basis for the successful leadership of companies and organisations.

The specific situation of Western Europe, with increasing shareholder value and unemployment, is a political and industrial mega-issue, which so far has only barely been addressed. While the implications for management and leadership are obvious, to what extent are universities, business schools and HRD functions supporting managers ready to tackle these issues?

In Central and Eastern Europe, the growth potential could be faster if supported by more efficient transfer of know-how from Western countries. The rapid transition in this region from a command economy to a free market economy requires new management development approaches, where the know-how of the West can be blended with the context, culture and ambitions of the business leaders in the East. However, job insecurity in the West, coupled with preconceived ideas and a lack of understanding about the situation in the transforming economies, are hindering this growth, which is of vital importance for the whole of Europe. To what extent are business schools, universities and HRD functions supporting managers ready to address these complex but vital issues?

Figure 3.1
Profile for ABB Top Managers

1. React to quick changes at local and global level

- analysis and structuring of complex, dynamic business situations and thinking in business scenarios
- understanding international economic interdependencies influencing our business
- open-mindedness to respond to new types of customers and their expectations and needs
- creativity, fantasy, curiosity, courage and speed to come up with new approaches to a business challenge

2. Network across corporate and cultural borders

- ability to listen and to integrate others' views and interests into one's own approach
- managing and participating in complex business projects as leader, follower or peer in cross-border teams
- achieving one's goals with and through the matrix with cultural sensitivity and social competence
- ability to communicate in several languages

3. Take business responsibility in a large organization

- accepting responsibility and being/remaining accountable
- giving responsibility to empower people and make them accountable
- ensuring compatibility between corporate message and operational management in one's organization

4. Take social responsibility

- attitude and understanding that ABB operates in a social context
- feeling responsible for, and taking charge of, our impact on the social environment

5. From management to leadership

- from technical, mechanistic skills and short-term focus towards vision, credibility and empowerment of the organization
- combining "competence" and "know-how" with "relationship-building" in one's business style and approach

Global competition is impacting on large and small companies in most sectors of industry, as well as most management layers in a corporation. The capability to develop competitive advantage is becoming crucial. On a macro-industrial scale, it is more urgent than ever to realise the European concept. On a company level, it is a top priority to enhance managerial skills in order to achieve competitive advantage. To what extent are the institutions, business schools and HRD functions addressing competitiveness, both on a macro-economic and a company level, thereby supporting management in areas of highest priority?

Environmental issues are top priority concerns for most industries and are impacting on management and leadership. What education and training is available to enhance management's environmental skills?

Fast-changing customer demands require a more flexible, agile and responsive organisation. Corporations need to be managed much more "outside-in", rather than "inside-out". There is a need to develop innovative customer-supplier learning processes.

In Western Europe, how do we handle the issue of mobilising people to improve company performance? The issue is not how to fire people (here many Western corporations have developed excellence over time), but how to balance shareholder value with employee satisfaction and morale, customer responsiveness and social responsibility. To what extent have the training providers developed concepts, programmes and learning processes in response to these issues?

In Central and Eastern Europe the situation is similar and, in some respects, politically more serious: "Why are there a few rich people with jobs and a lot of poor people without jobs? At least the communist period gave us all food, a roof over our heads and education". All of the above are concrete examples of issues facing European managers, and show how providers must become more responsive in developing learning processes and improving management support.

The demands on providers to manage change (and to change themselves) are equal, or bigger, than the demands on business leaders to change. The providers must be intimately aware of and understand the business issues. They should have established learning processes and change management practices so as to be truly responsive to the needs of business leaders. The ability to create a framework for learning and to facilitate the learning process towards results is becoming the critical "provider competence", whether the provider is a business school, an HR manager, a consultant or a business leader.

3.2 *Beyond management fads*

While the world is changing, management development traditions are largely maintained. One fad after the other is thought to solve all problems and management training goes on, in principle, as before. *Business Week* reported that: "On average organisational restructuring (re-engineering), mainly downsizing, had little if any positive impact on earnings or stock market performance in a jointly released survey of 62 major US corporations, more than 70% reported that they were

grappling with serious problems of low morale and mistrust of management" (*Business Week*, 18 April 1997).

Why choose an example from the USA? Simply, because most of the management fads, concepts and responses to business issues today are coming from the USA. And, in a large number of cases, they are directly applied in Europe as if the culture, business conduct and values were exactly the same.

This is an issue of fundamental importance. Looking at the specific situation in Europe today, we must question whether it is useful to take approaches and methods from the US environment and then assume that these will be effective in a considerably different environment. For example, how can we effectively develop the management capability to transform a state-owned institution to a free-market company? In such a case, the approaches and methods to be used in the learning process must take into account a number of issues: the strengths and opportunities of the specific company, the management competence, experience and values that exist in the company, and the expertise needed to support the development of management to successfully transform the company. The development of the learning process must be carried out in close collaboration with company management and contributors from both East and West.

With challenges and opportunities facing the whole of Europe, the time has come for the providers to develop and implement learning processes in partnership, based on mutually developed responses to the critical issues faced. Europe has the competence, experience, education and market size. In addition, growth in Central and Eastern Europe and the strong motivation for change should regenerate the spirit in Western Europe. However, deciding not to pursue the "fad way" or the "traditional management training way" puts very high demands on the providers, whether they are management developers within companies or outside.

The need now is to change fundamentally the way we do things, not only as "individual providers" but in collaboration. Globalisation, cross-border collaboration and mergers and acquisitions require new approaches to management and organisational development. Offering training courses or off-the-shelf programmes is not enough, simply because there are so many new requirements that are not teachable.

The key challenge to the providers is to *design learning processes* by defining the key issues or problems facing the corporations and their leaders, and to set clear targets for what should be achieved. The learning process should be focused on developing management capabilities and improving organisational performance at the same time.

This is different from asking, for example, "how to implement TQM", i.e., making sure that x number of people are trained and y number of manuals made. The shelf approach is similar: x number of managers having gone through y number of courses.

The fundamental changes in the required approach are:

- focusing on the key issues and needs of the organisation and its leaders (rather than subjects to be taught);

- respecting and effectively utilising the knowledge and experience that already exists in the company (rather than only "adding more");
- appreciating the difference between what can be taught and what can be learned (rather than trying to teach the "non-teachable");
- developing a process, or framework, for learning, supported by facilitators to ensure that maximum learning takes place (rather than running training courses).

3.3 *Results-focused management development (RFMD)*

3.3.1 *Background*

There is an obvious need to develop a new conceptual framework for management learning that will make corporations and providers respond more accurately and jointly to fast-changing business needs. The current pedagogical concepts are only partly valid, for many reasons:

1. they have been developed in a different business and economic environment than that of today;
2. corporate HRD and business school faculties have largely worked in isolation from each other;
3. the current concepts are basically scientifically or theoretically focused (i.e., they are teacher-focused, not results-focused);
4. only superficial efforts have been made in most companies to measure the returns of investment, and then mainly when a crisis occurs. In business schools, no generally accepted methods have been developed that confirm the value added of management development;
5. the growing portion of "non-teachable" but "learnable" areas have not yet resulted in a real redesign of management development/learning processes.

The shift from teaching to learning can be compared with the evolution in companies from product-centred to customer-centred solutions. The development, sourcing, manufacturing, assembly, testing, marketing, selling and distribution of products are processes well mastered in most corporations. Equally, the training and development of managers for these tasks are primarily of high value-added.

However, the profitable development and delivery of large, complex systems and solutions based on competences and products coming from different parts of the world is still, in most corporations, a major challenge, Here is an area where huge efforts must be made by the providers if they are to be considered as truly valuable. Concepts such as action learning have been developed and change projects, such as the Philips Centurion project, have been designed to provide a process for more effective development of management capabilities aimed at improving performance.

With the current and future rate of change, the new "provider philosophy" must achieve two things at the same time:

- the development of management capability;
- the improvement of company performance.

The learning process should be designed to cover the range "from needs and issues to better results". From *needs* to *results* is a fundamental shift in approach from a learning point of view. Unlike the traditional training approach, the learning approach starts as soon as the decision has been taken to start a learning process, with the identification of critical issues and needs.

An important aspect is the time perspective. If results are to be achieved as one outcome of the learning process, then a defined time frame is needed. Learning modules, including an initial, intermediary and concluding phase, need to be designed over a carefully selected period of time, for example, over 12 months. For example, a Business Unit Programme developed by ABB has a total length of 18 months (Figure 3.2). Not only is time needed to allow for improved business results, but the learning process must be structured to allow for maximum individual (and organisational) learning. A modular design to learning will allow for "discovery", interaction, cross-fertilisation, learning, teaching, reflection, insight and improvement.

Figure 3.2
Developing Managers for International Cooperation Structure

-2	0	Time in months	+12	+18
Preparation	**Module A**	**Module B**	**Result Review Meeting**	**Final Status Report**
• Description of projects • Coach-participant agreement on purpose and goals	• Overall purpose and goal refinement • Strategic positioning • Detailed action plan to	• Reports on progress and learning • Final implementation plan • Presentation to ABB executive panel	• Presentation of results and learning to ABB executive panel • Evaluation of BIP	• Written final status report • Results achieved • Return on investment

3.3.2 *Life-long learning*

How does such a results-focused learning process fit the life-long learning concept and how does it contribute to developing a learning organisation?

First, it supports the capability to *learn how to learn*. We are used to being taught and then to put into practice what has been taught. Now we need to learn, practise and improve simultaneously.

Second, we have traditionally been taught by experts, professors and teachers from the education profession. In addition, we now need to learn from colleagues, from new experiences, and from people with different cultures, behaviours, attitudes and values.

Third, through the results achieved and learning gained in a results-focused learning process, we have the opportunity to reflect on and develop our own "learning concept" that will strengthen and support continuous, life-long learning.

A results-focused learning approach will help to make the transition from a being taught (or told) mode to a learning mode, in which the responsibility to pursue life-long learning more profoundly lies with the individual. To quote a 55 year-old chief executive:

> *Until I was 45 years old I thought I was fully educated. I didn't need anything more, I knew. At 45 I was asked to become an advisor to young people at the start of their careers. I was shocked at my inability to provide advice. Since then I have gained an incredible amount of new insight! Today I am deeply grateful to these young people for what I have learnt from them. I now understand what lifelong learning is.*

3.3.3 *The learning organisation*

The results-focused approach is simply demonstrating what a learning organisation can be, how it is structured and what it can do to visibly support business improvement and provide new learning. With a "non-instant coffee" approach, managers can effectively learn to learn, share, integrate and use learning to lead better, use talents better and see the results of the learning efforts.

In business, there is no stronger motivation to invest in learning than seeing the results of that investment. Furthermore, with the pressures on business leaders today, and the increasing need to learn faster than competitors, the results-focused approach will support performance improvement during the learning process.

3.3.4 *Basic characteristics of RFMD*

The results-focused management development concept is a closed learning-loop process, which can be repeated based on new, critical issues, new development needs and strategic challenges. It requires different sets of skills and commitments than the traditional approach. RFMD demonstrates and clarifies the new roles and requirements of the providers.

The RFMD concept has been developed and applied in a number of corporations over the last 15 years, including ABB, Alcatel, Hewlett-Packard, Nokia and Norsk Hydro, and in consortium programmes such as the Strategic Transnational Executive Programme. The consistent focus on results demonstrates that the outcome provides a high return to the individual, the particular organisational unit or function for which the individual is responsible, and the whole organisation. The strengths of the concept are that:

1. it provides a framework for performance improvement and development of management capabilities;
2. it is a facilitated and monitored learning process over time, with measurable results (return on investment);
3. it is based on the critical issues of a corporation and the needs of its managers;
4. it involves all contributors in a structured, collaborative way.

In practical applications, the following principles are applied.

The process starts by identifying critical issues and development needs. Issues and needs are identified through interviews (by HRD/business school faculties/consultants) of company management, employees, clients and suppliers. They are then analysed and prioritised by a design team consisting of company management, HRD management and business school faculty/consultants. Programme objectives, processes and contents are based on strategic, change and performance improvement objectives, on critical management and business issues that need to be addressed, and on management development needs.

A modular process is then used over time with two basic features: (1) *learning sessions* addressing critical issues and management development needs, and (2) *improvement projects* chosen by participants to make improvements in their units or areas of activity.

In this design, the identification of issues and needs is fundamental. In ABB, for example, there was a recognised need to develop the new generation of "global managers", that is, to go from local to global and from functional to general. In Nokia-Maillefer, a medium-sized global cable machine manufacturer, the critical need was to transform the organisation from a functionally-based to a project-based organisation, effectively responding to fast-changing customer requirements.

The needs and issues defined, such as enhancing global competitiveness, customer responsiveness, change management and management development, determined the focus of the learning sessions. The contributors are primarily senior company managers, as well as customers, consultants and academics. These sessions address the critical strategic issues and are highly interactive. The need to improve cross-border business performance leads to a decision to establish a business improvement process with improvement projects as a core instrument of learning. The projects are either individual or team projects selected by the participating managers and teams. The projects serve as a learning vehicle to progress from vision to action, and to stimulate innovative learning and efficiency in implementation.

3.3.5 *Contributors*

The *design team* is an important vehicle for ensuring both early involvement of key providers in establishing the content and structure of the learning process, and top management commitment. The involvement of top and line managers and their contribution to learning is vital throughout the whole process, because of the importance of mutual learning and transparency (of issues, achievements, efforts, results and the actual learning). The main contributors' tasks can be summarised as follows:

1. *top and line managers* are (1) mentors, sponsors and coaches supporting the programme as a whole, the participants and the improvement projects, (2) "panellists" conducting progress reviews, and (3) internal consultants advising on projects.
2. *external consultants* are (1) specialists in team building, leadership and other required approaches, and (2) advisors on improvement projects.
3. *management teachers or trainers* (business school faculty) are facilitating lecturers, project advisors and management counsellors.
4. *process facilitators* (external or internal) are designers of the project improvement processes, facilitators of the learning process, and project advisors.

The company's *human resource managers and specialists* help to design, monitor and evaluate the learning process, involve top and line managers and obtain their commitment, acquire, monitor and support the various contributors, and ensure that the whole improvement project process is well managed.

Most contributors participate in the design process, meaning that they have a general and common understanding of the needs and issues to be covered. In addition, they agree on a basic "learning philosophy" to be applied in the programme, for example, by selecting business cases from participants' business improvement projects, deciding on what specific contribution is expected from academics and senior managers, what the degree of interaction should be, how to balance teaching and group work assignments, how to consult and advise on the participants' improvement projects, and so on.

The contributors form a learning network with the common goal of maximising the learning efficiency and output from the process. The assignment of a coach to support each participant is vital to achieve internal efficient learning. The typical coaching role is to give advice, follow up progress, stimulate innovation, be a sounding board and ensure the relevance of the improvement project chosen. A significant amount of mutual learning and trust evolves from the coaching function. In ABB, some 220 coaches are engaged yearly advising the same number of improvement projects.

The HRD function is changing from purely administering training programmes to becoming a business and learning support function. Only if there is a profound understanding of the business issues, and a fast response to the changing requirements of the managers, can the HRD function take the lead in implementing powerful learning processes.

3.3.6 *Measurable results*

The RFMD approach is obviously aiming at improving performance and measurable business results. Both terms need an explanation and to be put in a wider context. As stated earlier, the strongest motivation for investing time and money in a training, education or learning process comes from the possibility of seeing that practical improvement can be made and that learning is evidently worthwhile. In global corporations, where managers work across national and cultural boundaries and where values and business conduct vary from one country or unit to another, there seems to be one specific common denominator and motivating force for investment in development: the *potential to improve business results*. Thus, ensuring that the learning process is focused on issues and needs and that it helps managers to perform better (globally and locally) is a natural way to create an interest in investing in learning. "What gets measured, gets done" is a typical statement in many corporations, although Peter Drucker claims that the "most important things cannot be measured". While both statements are probably true, it seems that there is a need to measure even that which, at first glance, would hardly seem to be measurable.

The learning process in the context of RFMD is designed to measure both "hard and soft" factors. Why is this so? The growing need for solutions to meet the increasing expectations of customers has forced suppliers to be more and more precise in defining quality, software applications, support, training, documentation, after sales service, and so on, i.e., the less tangible part of the product or service package delivered to the customer. This has led to the development of "soft measures" as a necessity for setting the right price or value on the products, systems and services sold. The "balanced scorecard" approach includes measures of customer satisfaction, employee motivation and innovation. The transnational management concept measures global effectiveness, local responsiveness and sharing or transfer of know-how. In management development, there are an increasing number of competencies that are learnable rather than teachable, soft rather than hard. The use of intellectual capital is becoming a critical competence.

In the HRD community, there has always been a reluctance to measure the real, bottom-line impact, or return on investment, of training and development. The focus has primarily been on evaluating the quality of speakers, material, visual aids and so on, rather than "learning gained" and its impact on performance and business results. A results-focused approach forces us to evaluate the process as well as to measure the results, and make a judgement on the return on the investment. In the ABB Business Unit Programme, the learning process is continuously evaluated, more or less in the traditional way (during twelve months), the results are measured (after twelve months) and ROI is assessed (after eighteen months). ROI so far is dramatically higher than in traditional capital investment. Yet in a life-long learning process, these are very short periods of time. Therefore, in ABB there is an additional three-year follow-up to evaluate the long-term impact.

While it could be argued that even this is a limited perspective when seen within the context of the total work life-span, the benefits from such a focused evaluation over a period of time are many:

1. it provides the manager and the company with a tool to reflect, evaluate, utilise and improve from learning gained and results achieved;
2. it creates a common understanding of what it takes to learn, change and improve while carrying on normal business;
3. it reinforces the motivation to continue to learn, to change and to improve;
4. it gives the company a basis on which to judge the value of investment in learning or in the intellectual and emotional capacity, and set targets for what can be expected: compared with R&D, the business impact is judged far earlier in the process and "time to break even" is a vital measure before launching a new product;
5. most importantly for the individual manager, a results-focused learning process provides a basis not only to perform on the job, but also for improving and managing one's own learning.

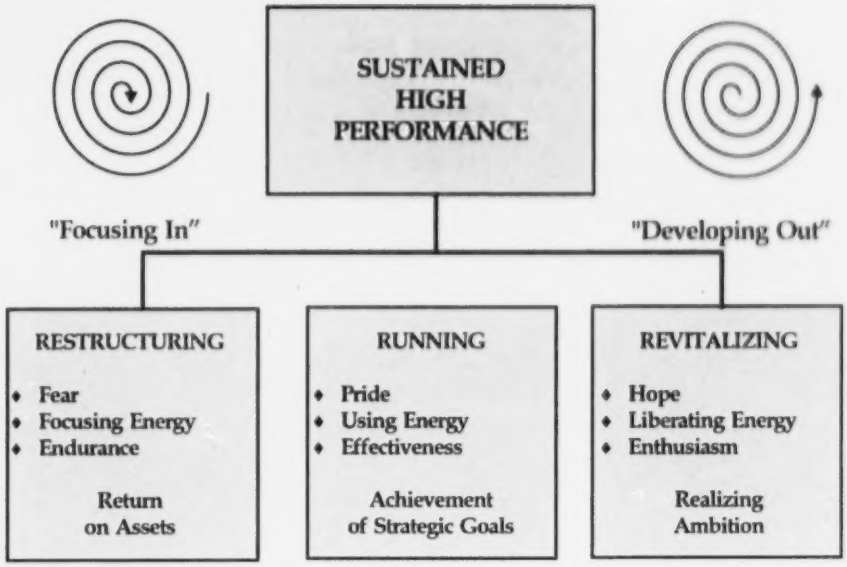
3.4 *Changing roles in human resource development*

Is the HRD function in companies needed at all? Yes, provided it is capable of change. What is the contribution of human resource development as an activity and company function to business improvement, change implementation and the development of management capabilities in the average European company? To what extent has HRD really helped companies in their transformation, and supported managers and other employees in meeting new challenges? Have HRD managers themselves implemented a change strategy and adapted their task to the new challenges and issues facing their companies? The HRD role in the corporation is becoming highly demanding and sophisticated: it includes mobilising resources, networking, partnering, developing learning processes, facilitating and ensuring top management commitment. In addition, the HRD manager must have multicultural sensitivity, be part of the business and very close to the front line (customers).

A useful way to demonstrate the changing role of HRD is the model developed from the work of Goshel and Williams (Figure 3.3). Certainly, there are many examples of advanced, proactive HRD functions. However, with rapid change and the difficult challenges facing European companies, quantum leaps are needed in HRD and management development. The development of new positions such as "chief learning officer" in General Electric, and of "corporate universities" (virtual or real) are clear demonstrations of a new direction.

The question is one of how to transform HRD functions and business schools to make them into true business supporters, contributing to the process of making managers more capable of managing in today's turbulent world. How can HRD and faculty performance be improved while developing the learning, facilitating and coaching capability? How can it be ensured that learning processes are driven by well-defined and agreed learning objectives and expected results? How can top management be engaged in steering and supporting the process?

Figure 3.3
Where Does HRD Contribute?



Source: Ghoshal/Williams

All these questions must be answered if HRD professionals and departments and external providers of executive education are to play a more significant role in the future. Inside companies, a clear distinction has to be made between the administrative and operational aspect of HRD and the developmental or learning element. The development part is an executive task and vital for the corporation. Managing the learning process requires the creation of new roles.

The RFMD process also requires very clearly defined roles for the different providers. To succeed with this approach, all contributors – managers, coaches, mentors, facilitators, specialists/experts, academics and consultants – need to work effectively together. At the start, top managers establish the objectives, the participant body, the schedule, the process for reviewing achievements made and learning gained, and the format for the results review. In the analysis phase, line managers help to define critical issues. HRD and internal/external consultants have the skills to make surveys, conduct interviews, analyse and synthesise the outcome. In the design phase, line managers, academics and consultants work together to develop and agree on the learning and improvement project process and the key pedagogical concepts and methods to be used. Thus a team effort is needed to succeed. HRD managers administer the process, participant and project selection, contributors and their involvement and integration, evaluate the quality of the process, and ensure top management involvement and commitment and feedback to participants and contributors.

The providers must also apply a "learning concept" to themselves. The fastest way to do this is to participate in the design, implementation and monitoring of learning processes like the RFMD concept. While the initiative has to be taken by the providers, the driving force must always be the needs of the business and its leaders.

3.5 *Summary and conclusions*

Management development needs to become an authentic vehicle for the development of the capability to lead in the fast-changing and complex world of business. It must contribute to improved business results in their broadest sense, and thereby stimulate the continuous investment in time and money at the individual as well as the corporate level. Management development must be based on, and address, the critical business issues facing managers today, while supporting them in achieving their goals and the visions of their companies. Management development will then be regarded as a serious investment issue with demands for achieving a return on investment:

- for the individual, in terms of a personal benefit from learning gained and competence to lead enhanced;
- for the department or another unit within the company, in terms of "bottom line" improvements such as profits and enhanced satisfaction of customers, suppliers and employees;
- for the company, in terms of enhanced corporate culture and values, improved image, citizenship.

The way to achieve high return is to create over time (preferably a minimum of twelve months) a results-focused learning process in which issues are addressed, knowledge is gained and improvements are implemented. The results-focused management development approach is about responding to critical business issues and needs, and ensuring improved management capability and better business results. There is a clear return on investment for the individual and the corporation.

The HRD function needs to get closer to the real business issues, lead the design and facilitation of learning processes, and support top management in their contribution and commitment to making management development a better vehicle to constantly meet new challenges. Clear and measurable goals, a modular learning process over time, professional facilitation and contribution, and top management involvement and commitment will make management development a necessary asset in developing "the new Europe".

Chapter 4
From Business Schools to Learning Centres

The manager of the twenty-first century will face a radically transforming business environment, increasing competitive pressures from globalization and ever higher levels of personal challenge and stress (as described in Chapter 1). Equipping him or her to handle such a demanding role is the central task of those involved in management education and development, both within employing organisations and in external contributors such as business schools and consultants. There is little doubt that the competences required will include clarity of vision, strategic leadership, intellectual innovation and cultural sensitivity; what is less clear is the best way to develop these. It is obvious, however, that the conventional wisdom and traditional teaching methods of existing development programmes are becoming increasingly irrelevant, and organisations and their managers are in search of novel concepts, new ideas and fresh thinking. They will no longer tolerate "the same old stuff".

According to a recent survey of executive education in the *Financial Times* (20 March 1997), a new breed of employee is to be found in the human resource departments of large corporations. These employees have one major task on which they focus: deciding with which providers of management education the company should work. They visit business schools and other training providers, participate in programmes, get to know the faculty and then publish comprehensive consumer guides to the services on offer.

This development towards in-depth analysis of needs and careful selection of contributors reflects four major trends in management education:

- the proliferation in the type of services and the number of programmes offered by an increasing range of providers;
- after many years of re-engineering and downsizing, management development is now accepted as an approach to motivating managers and gaining competitive advantage for their organisations;
- a change in the way companies perceive the role of external providers: they no longer want off-the-shelf courses, but company-specific tailored programmes developed through long-term partnerships with their suppliers;

- a change in the behaviour of the "buyers" of external services: they are no longer prepared to act as passive consumers, but expect to be fully involved in determining the design, content, quality and price of programmes.

After an earlier period when business schools were subject to constant criticism for their over-emphasis on theory, remoteness from the "real world" and lack of concern for practicality, relevance and implementation of learning, these trends are encouraging. This new credibility also provides new challenges to schools through the complexity and sophistication of the demands that they now face. Not only have expectations risen considerably, but the fragmentation of the marketplace continues through the entry of new and diverse providers, particularly in Central and Eastern Europe.

4.1 Who are the providers?

Wherever there is a market requirement, enterprising people will set out to meet customer needs. The traditional university-based business schools are now in competition with executive development centres, training companies, management consulting firms, independent consultants (supplemented by business school faculty working privately), in-company training centres and corporate universities. As business schools have responded to the demand for customised programmes tailored to the development needs of specific organisations, this has led them increasingly into the world of consulting. At the same time, management consulting firms have diversified into management development as an extension to their strategy and human resource consulting practices.

In less than a decade, tailored programmes have taken the lion's share of the executive education market in Western Europe, but some business schools have been slower to respond to this fiercely competitive environment than have consulting firms and specialist training companies. While some companies have closed their internal training centres (referred to in the past as staff colleges in the UK), others are increasingly considering whether to establish their own development centres (or corporate universities as they are known in the USA). Additionally, a small number of major corporations have transformed their training departments into free-standing profit centres (such as the IBM centre in Belgium). New executive development institutions have been developing rapidly in Central and Eastern Europe, the Asian and Pacific region and Latin America, all reinforcing the well-established international market for management education.

In trying to tread a fine line between education and consulting, some business schools are endeavouring to differentiate themselves by investing more effort in research and the dissemination of findings through conferences and publications. Others, believing that this distinction is increasingly blurred and irrelevant to client needs, are combining their management education and consulting activities into an integrated portfolio of development services. At the same time, both individual managers and their organisations are facing increasingly complex selection decisions, combining personal experience with insights gleaned from directories, surveys

and published rankings, to choose a short-list of potential providers from around the world. While some companies opt for a range of schools in order to provide their chosen mix of open and tailored programmes, others choose different external providers for different management levels. Yet others are selected for their undergraduate, postgraduate or executive programmes.

A recent report published by the American Assembly of Collegiate Schools of Business (AACSB) in the spring of 1996 highlights the explosive growth of companies which have established their own management education centres, variously called colleges, institutes or universities. Perhaps some of the best known in the USA are General Electric's Crotonville, AT&T's School of Business and the Motorola University. Whether this signals a competitive threat to traditional business schools or opens new opportunities depends on how the schools respond to companies' needs for partners who can deliver fast-changing skills. The main motive for this growth, it is argued, is not that business schools are no longer relevant, but that the pace of change in new industries and the skills needed by their managers are changing so rapidly that the "shelf-life" of the knowledge acquired by business graduates is increasingly outdated.

One consequence is that some companies increasingly focus on "cherry-picking" individual faculty members from a range of business schools around the world to contribute to internal programmes, rather than building relationships with the schools themselves. Other forces influencing this development are companies' needs to link management education more closely to business goals, to a common culture and corporate values, and to the drive for change, in addition to increasing the flexibility and employability of their managers.

4.2 *What services are they providing?*

Some business schools are designed on the "full-service" model, providing undergraduate, postgraduate and post-experience programmes, in addition to pure and applied research. The larger and better known international schools focus on MBAs and executive education, while the independent executive development or management training centres increasingly encompass consulting services. The recent proliferation in MBAs and specialist postgraduate degrees continues apace, with full-time (one-year and two-year), part-time, executive, consortium and distance learning variations. PhDs and DBAs provide the traditional route to a career in management education, where academic career progression remains strongly wedded to research and publication track record. For some faculty, consultancy is encouraged as a source of external income and personal development, while others strongly promote it as an institutional service. In the latter case, joint development is often the objective: companies pay for a consulting service which provides development opportunities for the faculty and an additional income stream for the school.

In some countries, the academic approach to management education has been balanced with an increasing interest in vocational qualifications at certificate and diploma levels (for example, the UK's five levels of national vocational qualifications), often incorporating some assessment of prior

learning and utilising a credit accumulation approach to the award. The growing applications of educational technology have enabled management qualifications to be distributed throughout the world (as in the case of the UK's Open University Business School), while global telecommunications and the Internet are providing the basis for on-line executive education on both an open and company-tailored basis. New and developing services, in response to the growing recognition of the importance of continuous development and life-long learning, are explored more fully in other chapters.

While the debate about the benefits of open (public) versus tailored (company-specific) executive education rolls on, the more sophisticated organisations recognise the advantages of both, often building close partnerships with their chosen provider or between providers. Companies too are developing their own partnerships in response to the demand for industry or region specific programmes. For example, the Michigan Business School is working with the Asia Pacific Human Resource Partnership in which thirty companies, including traditional rivals, combine for seminars and research briefings focused on the region.

4.3 *The growing influence of stakeholders*

In the early years of European business schools, those schools which had a "stake" in their development were relatively few. The schools were fairly autonomous, driven largely by their faculty and adopted a "production" orientation: they knew what their students needed, imported an MBA model developed largely in the USA and found that demand for their programmes outstripped supply. While some attention may have been paid to the constraints and requirements of parent bodies, such as the universities of which many schools were a part, and client organisations were courted by some deans who were interested in research, consulting or funding opportunities, the schools were very much in control of their own destiny.

The management education world of today has changed beyond all recognition. "Students" include young people studying for undergraduate degrees, "high flyers" intent on achieving MBAs and experienced executives participating in company-specific programmes. "Clients" are the participants themselves, their sponsoring organisations in the private, public and voluntary sectors, and all those who may have "invested" in the schools' development, from government departments, chambers of commerce and professional institutions through to parent bodies and private sponsors. In some cases, particularly in Central and Eastern Europe, ownership may be vested in private corporations or individuals, where the primary objective may be commercial rather than educational. The "faculty" is no longer drawn solely from the academic community and provided with life-long tenure, but includes part-time teachers, visiting or associate members, and a vast array of additional contributors drawn from the ranks of independent consultants and management practitioners.

Alumni bodies provide a mechanism for access to continuous development, while also seeking to ensure that the reputation of their schools continues to reflect favourably on their members.

Governments are increasingly recognising the role of business schools as "pillars of the economy", while encouraging their contribution to both national competitiveness and export earnings.

Most business schools play a part in their national associations or networks (for example in the UK, the Association of Business Schools, the Association of MBAs and the British Academy of Management), while those that are active internationally will also be members of their international counterparts (for example, the European Foundation for Management Development, the Central and Eastern European Management Development Association, the Russian Association of Business Education and the American Assembly of Collegiate Schools of Business).

In some countries, quality assurance procedures and accreditation systems are well established, while in others, the business press, management magazines and education directories attempt to provide public rankings and consumer guides to schools. The increasing focus on the relationship between business and society provides yet another source of stakeholders, with pressure groups showing a growing interest in the research and educational services of business schools. Publishers of management books and journals and distributors of learning materials are building closer links with schools in order to exploit and disseminate their research findings. While this rapid expansion of interested parties indicates that business schools in Europe have "come of age", the challenge it presents to their leaders in ensuring the right balance of market responsiveness, educational leadership and "owner" satisfaction should not be underestimated.

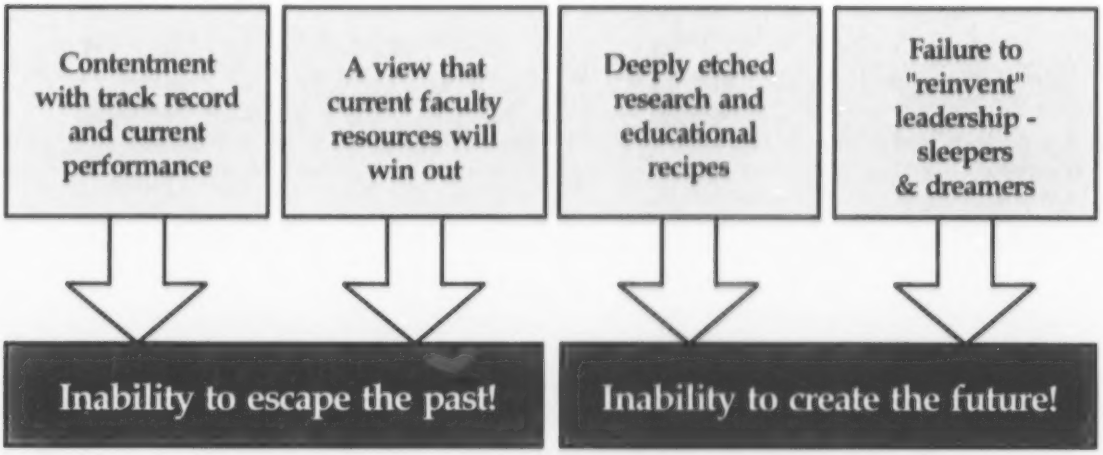
A few academic optimists may continue to cling to the belief that the years when the faculty were able to "call the shots" will return, but the majority of directors and deans have recognised the changes in the marketplace and have embarked upon a path of fundamental and continuing change. In *Competing for the Future*, Hamel and Prahalad offer a useful approach to "crafting strategic architecture" which poses the following challenges:[1]

- who will be our clients in the next decade?
- what new benefits will be offered to them?
- what new core competences will be needed to create those benefits?
- how will the customer interface need to change to allow most effective access?

They also provide a model of the "antecedents of failure" (see Figure 4.1) raising questions about why organisations that have been successful in the past might fail in the future, which can be adapted to a business school perspective.

This analysis suggests that failure can result from a combination of the difficulty of escaping from the past with an inability to create the future. Some heads of institutions have demonstrated a contentment with a successful track record of past and current performance, together with a view that the recruitment and development of the right faculty will ensure the continuation of this success. The more traditional business schools are strongly imbued with recipes for what constitutes good education and good research. Escaping from such constraints requires the reinvention of leadership, or else business schools, like some companies, will become "sleepers" or "dreamers", not recognising the need to create a new future or lacking the ability to turn their visions into reality.

Figure 4.1
The Antecedents of Failure: Why Business Schools Might Fail


Contentment with track record and current performance
A view that current faculty resources will win out
Deeply etched research and educational recipes
Failure to "reinvent" leadership - sleepers & dreamers
Inability to escape the past!
Inability to create the future!

Source: Hamel and Prahalad, 1994

4.4 *Trends in the marketplace*

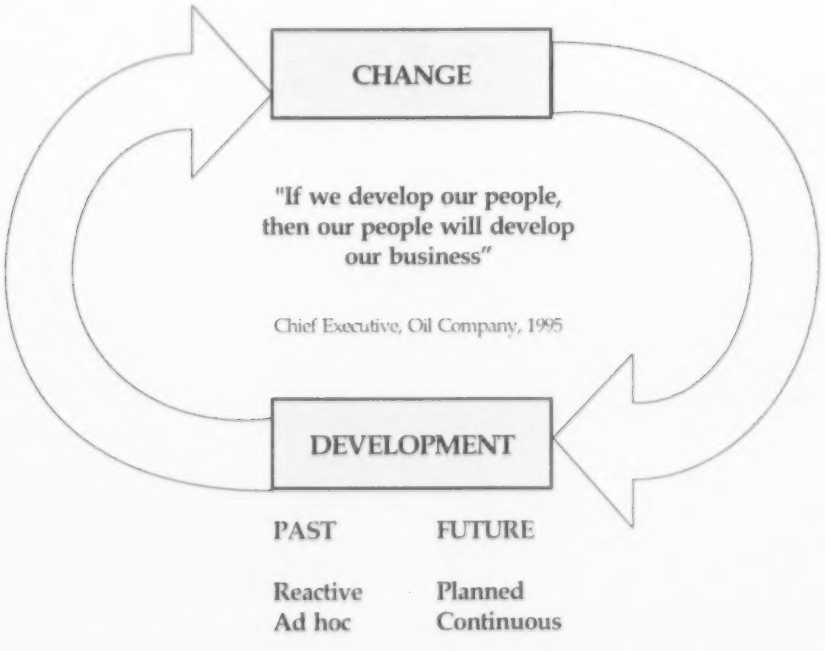
The importance of understanding trends in the market for management education is highlighted by the significant impact of the recession of the early 1990s on management education activities, and the continuing challenge from business as to whether the schools are capable of adapting to changing needs. In 1995, the deans of a group of Western European business schools commissioned a Delphi study of management development in Europe, involving the circulation of a questionnaire to experts in both schools and corporations across eighteen countries. They covered a wide range of areas, requesting respondents to express their views on:

- estimated future demand for management education over the next five years;
- changes in the business environment expected to have an impact on the market for management education over the next five years;
- priorities for strategy redefinition for business schools;
- ways of refocusing the portfolio of products and services;
- constraints and limitations on the utilisation of management education;
- the role of management research in business schools;
- environmental influences on the future of management education.

Taken overall, the study provided an encouraging and optimistic view of the future, but it also indicated some significant differences of views between those in business schools and those in companies. For example, investigation of the product portfolio demonstrated that tailored, in-company executive programmes were given highest priority, with corporate respondents giving greater weight to this activity than their business school counterparts. When questioned about the key priorities for the future strategy of schools, top rating was given to the formation of closer partnerships between schools and their clients, with company representatives again placing even more emphasis on this requirement. The issues concerned with applying educational technology, developing new and broader faculty competencies and focusing on the implementation of learning were also highlighted.

However, in response to questions about the critical constraints on the future development of schools, the existence of too many schools of varying quality and the lack of co-operation between schools were frequently cited. It was argued that the formation of partnerships, alliances and networks with both clients and other providers should be a top priority, while the demonstration of a "partnership approach" to learning for both individuals and organisations should be a key message in marketing communications.

Figure 4.2
The Change and Development Cycle



In many companies, the agenda for strategic change has become the driving force for management development in recent years. What was in the past a largely reactive, *ad hoc* activity has now become carefully planned and continuous, in response to the need to develop managers capable of implementing transformational change. But for some organisations, the sheer pace and unpredictability of change has made it impossible to manage the development process in this way.

Their approach has instead been to develop the widest capabilities in their managers and rely on these resources to ensure successful corporate development (see Figure 4.2).

Whatever the point of entry in the cycle, it is increasingly being recognised that strategy development, organisation development and management development must be closely inter-linked and mutually reinforcing, while the implementation of each stage of the process remains the critical challenge (see Figure 4.3).

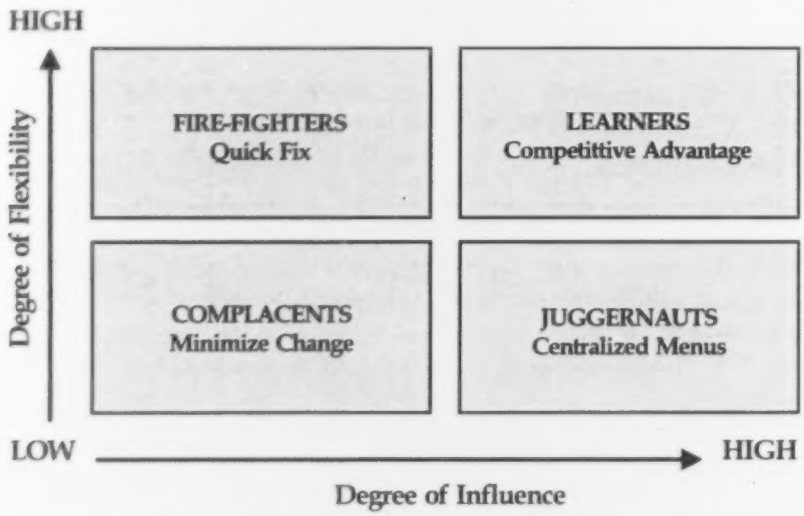
Figure 4.3
Increasing Integration of Management Development

4.5 *Managing business school–client relationships*

In client-focused management development, it is important to recognise that, while clients and the business school faculty will often share the same overall objectives, the process of design and preference for style of delivery are likely to differ. Clients have a tendency to focus on predictability, speed and simplicity, measuring success in terms of business benefits, while developers are attracted to creativity, learning processes and complexity, often seeing development as an end in itself. Clients will expect measurement, milestones and progress reports, while developers have a tendency towards qualitative evaluation and infrequent feedback. Most difficult of all, clients will want to cut through the mystique and jargon of management education in search of frankness, while developers often speak a language of their own and have a higher tolerance of ambiguity. With these differing perspectives, perhaps some frustration and disappointment with the other party is inevitable.

Some business schools have made a conscious choice to focus their limited resources on client organisations which regard management development as a source of long-term competitive advantage, rather than a "quick fix" or a mechanism for reinforcing the status quo. Figure 4.4 illustrates a model of client relationships built upon flexibility and influence. The vertical dimension represents the degree of openness, creativity and risk which can be incorporated into the design of learning activities, and the horizontal axis reflects the centrality and impact which management and organisation development have within the company.

Figure 4.4
Managing Business School/Client Relationships



The "complacent" clients are likely to want "more of the same", as long as this does not cause discomfort to participants or challenge within the organisation. Minimising the need for change or justifying current practice is the objective.

The "juggernauts" (large investors pursuing unidirectional training policies) often develop an executive programme for every promotional stage in the management hierarchy, approaching development as either a reward for past achievement or a mechanism of conveying status. They invest large amounts of money and show significant resistance to changing their centrally-driven menu of offerings.

The "fire-fighters" are all too familiar to most schools. They are always in a hurry, usually responding to a crisis and looking for an instant solution. They care little for the learning process, being obsessed with fixing the current problem in the shortest possible time, and rarely see beyond the relationship between training and immediately applicable skills. They show little loyalty to any provider and buy services "on the run".

The real "learners" view their investment in management development as being about creating the resources which will deliver competitive advantage and often use a combination of research, education and consulting approaches to develop not only their managers but their learning organisation. They are demanding clients, rarely satisfied with current success but determined to forge real learning partnerships with their providers.

4.6 *Changing learning methods*

Chapter 2 demonstrates the importance of recognising different learning styles and of designing a learning process which matches current and future needs. Ashridge Management College, in common with other European schools, has conducted market research into trends in learning preferences in executive education and confirmed the move away from structured, expert programmes delivered by management gurus to large and diverse audiences, towards those that are tailored to both individual and organisational learning priorities (see Figure 4.5).

While each element in the increasing array of learning approaches generates some support, there is a marked preference for a tailored process which combines initial diagnosis of needs with flexible delivery of learning to small groups and subsequent attention to implementation. The starting point is likely to be an assessment of individual performance and behaviour, combined with an analysis of organisation culture. The preferred outcome is usually continuous development underpinned by action planning and follow-up activities.

The challenge to business schools is that they are more closely associated with the academically-driven model of management education than with the learner-centred approach of the development centre. For the schools, accomplishing this transition into "centres of learning of the future" is explored more fully in the next section of this chapter.

Figure 4.5
Trends in Learning Preferences

% of Respondents	TYPE 1 STRUCTURED EXPERT COURSES	TYPE 2 INTERACTIVE COURSES	TYPE 1 COURSES TAILORED TO INDIVIDUAL LEARNING NEEDS
MORE USE	13	29	51
SAME USE	40	52	25
LESS USE	30	15	6
NO USE	16	5	18
	Fits current policy Leading edge thinking Best experts	Participation/ projects Balance of learning methods Interactive	Individual assessment Small groups Follow ups
	ACADEMICALLY DRIVEN BUSINESS SCHOOL	DEVELOPMENT CENTRES CONSULTANTS	CENTRES OF LEARNING

Source: Ashridge Market Research Survey, 1993, 140 European Organizations

The danger that confronts both schools and their clients which embark upon this path is that they can become side-tracked by the latest management fads promoted by gurus and consultants. In *Management Redeemed: Debunking the Fads that Undermine our Corporations*, Hilmer and Donaldson[2] argue that such fads lead managers down "false trails", where their usefulness is taken on trust, their implementation assumed to be easy and effective, and their attractiveness undermines rational thinking. They refer to this as "instant coffee" management, and plead for the replacement of such faddism with the "thinking organisation" which understands that competitive advantage stems from the development of critical thinking skills in all managers. Most recently, the widespread adoption of business process re-engineering to restructure and de-layer organisations is an example of the way in which a management technique can be pursued with almost religious zeal (see also Chapter 1).

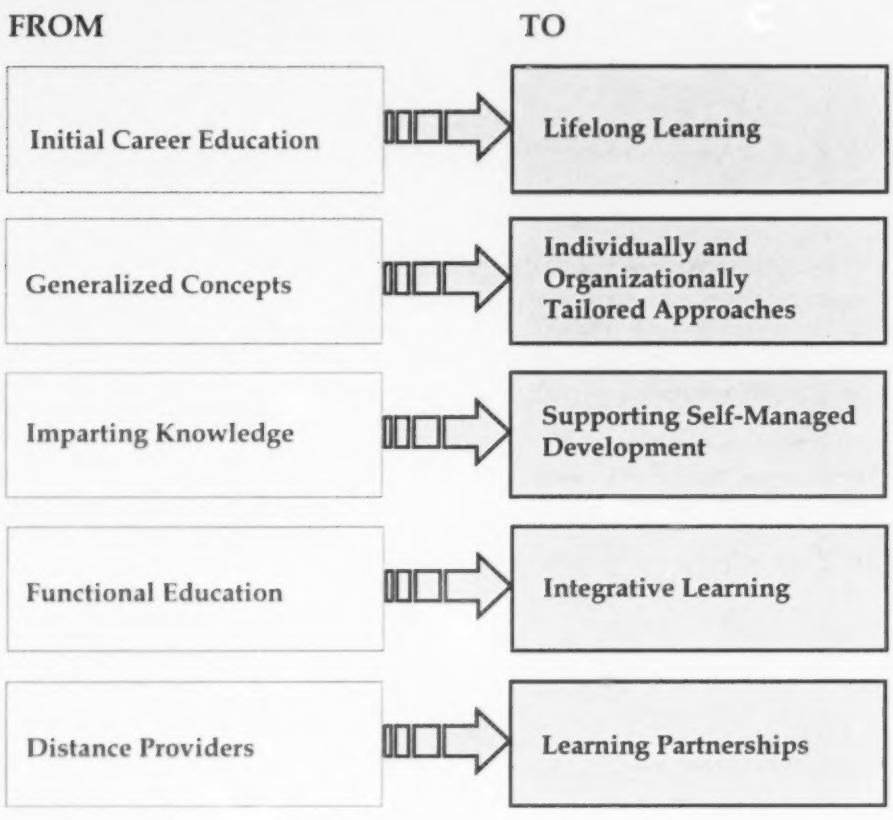
Transforming the learning process through innovative uses of technology (see Chapter 5) is a current goal of many providers of management education, where the challenge is to increase access and improve quality while also decreasing costs. Combining the emerging technologies of networking, multimedia and mobility provides an opportunity to reach any manager, anywhere in the world at any time. Thus providers can serve a larger and more diverse community of learners while reducing reliance on the traditional resources of faculty and teaching facilities. Some commentators have gone so far as to suggest that the challenges of the twenty-first century will demand a "virtual business school" which can deliver local learning in a global market. This concept of the business school of the future relies heavily on a combination of multimedia technology and global telecommunications to provide continuous access to learning resources for dispersed participants; it also raises important questions about the need for physical infrastructure, permanent faculty and indeed the sheer number of current schools.

4.7 *Profile of new learning centres*

With corporate clients increasingly recognising the power of executive development as a lever for strategic change, it is unlikely that the pace of change in the business schools market will slacken. In the early years, executive education was what Vicere (in *The Market for University-Based Executive Education Programs*[3]) has called a "field of dreams", where business schools owned the market and had control over leading-edge thinking in virtually every area of management. Today, managers and their corporations are continuously questioning the payback from their investment of time and money, which has created a shift in the competitive dynamics by opening the market to a plethora of alternative providers. If business schools are to respond successfully to these critical challenges and new customer demands, their own strategic thinking must demonstrate a greater capacity for innovation.

The European context will ensure that the current diversity of type, size and focus of schools continues, but underlying their transformation into new learning centres of the future are some well-established requirements (Figure 4.6).

Figure 4.6
Reshaping Management Development



The current reshaping of management development involves a shift in focus:

- from imparting functional knowledge to supporting integrative learning;
- from explaining generalised concepts and theories to designing individually and organisationally tailored approaches;
- from a focus on initial career education delivered by remote and controlling providers to a continuous involvement in life-long learning through the development of true partnerships.

Prescription in design of these new learning centres would run counter to the tenor of the argument for change outlined above. However, it is possible to capture some of the underpinning themes and indicate the likely range of services (see Figure 4.7):

1. Such centres will start by enabling individuals and organisations to "unlearn" outdated approaches to management, while also acquiring a deeper understanding of the ways in which new learning can be undertaken.

2. They will incorporate extensive diagnostic and counselling tools and techniques, providing subsequent access to a comprehensive portfolio of learning resources, making wide use of educational technology in addition to faculty and classrooms.

3. Rather than being viewed as a physical entity to which infrequent visits are paid, the centres will act as a focus for continuous learning through networking, benchmarking and identification of best practice. The experience of executives from the public and private sectors will be harnessed through encouraging them to act as coaches and mentors, while a multicultural and global outlook will be inherent in the way such centres think and operate.

4. The development of long-term learning partnerships (as described in more detail in Chapter 6) with clients will demand a relationship marketing approach, which will require the faculty to become client and project managers as well as learning facilitators. A recognition that no single provider can be expected to be "world class" in every aspect of this wide array of resources and services will lead to collaborative working, not only between business schools but also with some of the newer market entrants.

Figure 4.7
Profile of New Learning Centres

- Learning to learn and unlearn
- Partnerships with clients
- Managers as learning facilitators
- Comprehensive portfolio of learning resources
- Professional diagnosis and counselling
- Focus for networking and benchmarking
- Multi-cultural, global outlook to broaden visions
- Wide use of educational technology/virtual mindset
- Relationship marketing and client management
- Collaborative relationships between providers
- Encouragement of lifelong learning
- Quality as a core value

4.8 *Some additional themes*

The transformation of business schools into the learning centres of the future is both urgent and far-reaching. Analysis of the changing marketplace and identification of significant trends have been underway for some time, highlighted by the recessionary pressures of the early 1990s. The formulation of strategic direction is well advanced and already being implemented in some schools; what is now required is the confidence to accelerate the pace of change. Finding convincing answers to the remaining issues summarised below would greatly assist in this process.

Although not regarded as important by all employers, the demand for *management qualifications* is increasing rapidly as managers search for some acknowledgement of their professionalism and enhancement to their future employability. Quality assurance of programmes and accreditation of their providers are vital to ensure that clarity and transparency are provided for the relatively uninformed consumers in this complex market. Such procedures, while avoiding excessive bureaucracy, must also be international in scope.

There is currently much concern among organisations about *evaluating the real impact* of management development on performance. Cost pressures are leading organisations to scrutinise much more rigorously both their own internal development activities and the services of external providers. Development for many organisations remains an "act of faith", and evaluation, where it exists at all, is rudimentary and largely based on input measures such as costs rather than beneficial outputs. Business schools are under increasing pressure to demonstrate to their clients evidence of the real impact of their learning methodologies on both individual and organisational performance. It is time to ask why evaluation is not being carried out consistently by the organisations which initiate development programmes, and by the schools which provide them. A better understanding of the barriers to evaluation and improved approaches to measuring the added value of management development are critical to its future health and growth.

The search for more effective and efficient development approaches has led to some *unrealistic expectations* about the time required to achieve meaningful results. As clients put business schools under increasing time pressures, the duration of programmes has been shortened from months to weeks to days. While three months on a residential programme may be a total impossibility for most managers, and modular programmes interspersed with action learning projects may be more effective, the expectation that in-depth learning can be achieved in a matter of hours or days is equally unrealistic. Real learning combines elements of both action and reflection, where infinite compression of time becomes counterproductive. Most human resource development specialists are well aware of this, but challenges to their own effectiveness from line management colleagues have often resulted in collusion in the frenetic drive towards "instant" and faddish solutions.

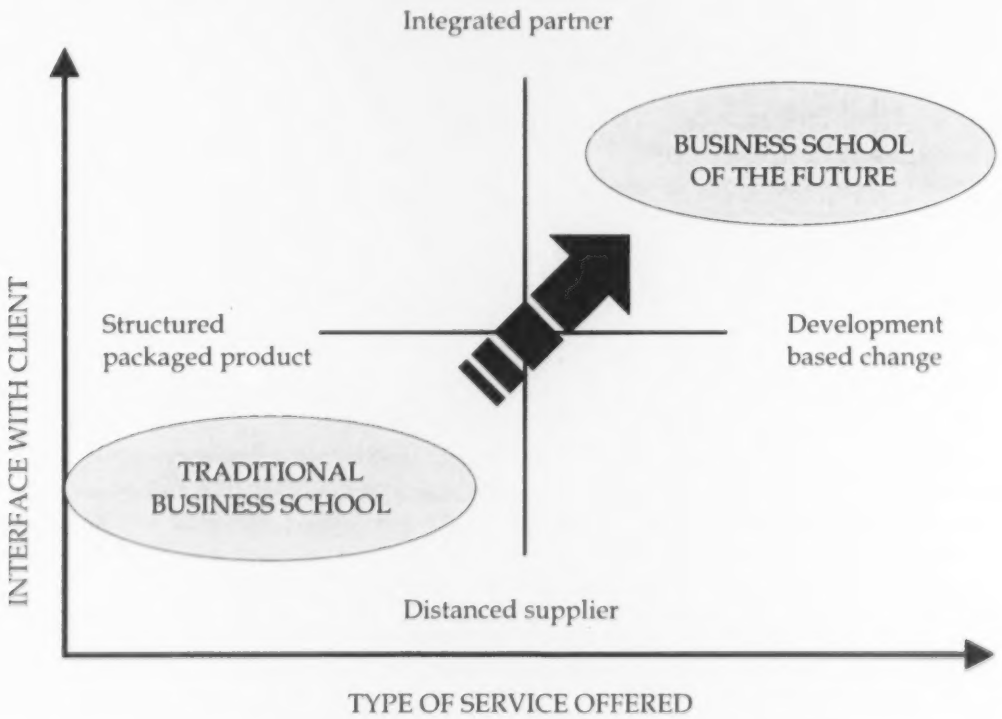
A new spirit of entrepreneurship is sweeping through the business world and transforming the way it operates. This is most obvious in the massive growth – and often outstanding success – of small and medium-sized businesses in both Western and Eastern Europe. The tendency towards entrepreneurship is also spreading to major corporations, which recognise the need for strong

managers who are powered by an entrepreneurial drive. Many business school participants are interested in pursuing careers which are not necessarily with large companies; some want to set up their own businesses, while others are already in leadership roles in smaller enterprises. In future, business schools must make their programmes and services more easily accessible to managers from small businesses, while also focusing more attention on the development of entrepreneurial values and skills in all managers.

4.9 *Summary and conclusions: the way forward*

If the business school faculty, working in partnership with HRD professionals, can jointly generate the confidence to tackle these critical issues, then the transformation of the traditional model of the past into the business school of the future will be ensured (Figure 4.8).

Figure 4.8
Managing Change in Management Development



Business schools are facing intense competition from new entrants as well as traditional rivals, compounded by the globalization of their market. As with business organisations faced with intensified competition, business schools are now turning to innovation and segmentation as routes to survival. Overwhelming complacency generated by past success has been replaced by a search for transformation strategies.

These innovative approaches fall into three broad groups:

1. actions designed to enhance the value-creating potential of the school's contribution to the company's process of executive development;
2. steps being taken to exploit the opportunities offered by new technology to raise the productivity of the school's faculty and hence reduce the cost base of delivery;
3. a changing mindset which views management development as a life-long, collaborative process between several learning partners, including individuals, employers, business schools and an ever-widening range of other contributors.

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1. Gary Hamel and C.K. Prahalad, *Competing for the Future*, Cambridge, MA: Harvard Business School Press, 1994.
2. Frederick G. Hilmer and Lex Donaldson, *Management Redeemed: Debunking the Fads that Undermine our Corporations*, New York: The Free Press, 1996.
3. Al Vicere, *The Market for University-Based Executive Education Programs*.

Chapter 5
Technology at the Service of Learning

While world leaders debate the merits of different economic models and single currencies, there is a not-so-quiet revolution going on in education. The sector shows all the signs of industrial restructuring: new entrants, extreme cost pressures on traditional players, mergers and acquisitions, new organisational forms, critics screaming for change and old methods being challenged by technology. Although in some countries, state-run education systems are protecting colleges and universities from competitive pressures, increasingly mobile students are migrating physically or virtually to institutions that can provide the best preparation for their professional careers. This phenomenon is particularly evident in the area of global management development.

Globalization, competition and technology changes are fuelling a management development market that now exceeds 30 billion ECU annually. The top providers host programmes that include participants from all over the world, studying and debating subjects that were not even mentioned in brochures two years ago. Simultaneously, undergraduate and graduate business programmes struggle to prepare potential leaders who will face an everyday work environment that their fathers could never have imagined: flattened organisations, ubiquitous computing, all-point-addressable networks, lightning-fast communications, massively customised products and electronic commerce. This is an environment in which only flexible and adaptable individuals and groups can thrive. These are the learners and learning organisations of today.

A "learning organisation" is a community where individual and institutional knowledge is developed and retained. The central task of a new business school is to build a community of learning where learners and mentors help each other develop the skills, knowledge, ethical principles, human values and methods to build economies and businesses for the benefit of citizens. But the learning community does not exist in isolation. It too is part of the larger community of learning, formed by thinkers, teachers and learners all over the world.

Technology can serve many purposes in this scenario, but the most important is to facilitate community building. The purpose of a network is to build a community, founded upon shared values, a sense of purpose and a congeniality that joins all learners. This chapter explores some ways to make that happen. We will review why higher education institutions use technology, how some of the most popular technologies are being employed and how different institutions have evolved toward technology application. Then we examine several different scenarios that a new

business school might choose, look at some of the common issues raised and suggest a list of guidelines that leaders might consider.

5.1 *Reasons why institutions may choose information technology*

Many politicians, administrators, professors and observers of higher education are debating the role of information technology in education. Opinions run the gamut from the technology zealots who say that technology will make traditional universities obsolete, to one well-known European professor who has said that "information technology has no place in higher education". Where is the truth? Considering the various reasons why higher education institutions employ technology can help to focus the arguments. There are several fundamental reasons why institutions are applying information technology today.

Improving administrative productivity. Universities, like businesses and other organisations, are using computer systems to support administrative functions such as enrolment, admissions, student records, finance and facilities management.

Supporting research. Computers as a method of support for scholarly research have long been accepted in academia. Indeed, much of today's research would not be possible without computers to support data collection, storage and retrieval, statistical analysis, simulations, modelling and mathematical calculations. In recent years, e-mail and broadband communication have facilitated collaboration among widely dispersed researchers; and computers and computer systems are also themselves the subjects of research. For researchers in management fields, computers provide an environment in which to study real business problems.

Enhancing the personal productivity of faculty and students. Many faculty members and students regularly use word processing and spreadsheets to help them in their academic work. In addition, e-mail and on-line databases have made study more efficient. Although one can still find academics who do not use computers or e-mail, the use of this medium is spreading rapidly, especially among business and management faculties.

Attracting students and competent faculty. Schools are finding that prospective students are already computer literate and expect to use computers and networks in their studies. Students often have more advanced computers at home than they find at their university. Teachers also want to work in an environment where they can find good support for their work. Higher educational institutions are increasingly using World Wide Web (WWW) sites to attract students and to provide programme information. Almost all of the top MBA-granting schools have web sites.

Preparing students for their future work environment. For management schools, this is a particularly important issue. Networked computing is rapidly changing the way that companies market their products and services, manage their business and construct their jobs. Executives must understand the concepts and application of information technology systems and be able to make important

decisions regarding technology. Companies expect business graduates to be computer literate and familiar with the latest applications. Similarly, business schools have a strong incentive to learn about information technology and its applications in business. Business students should be competent users of technology, be able to manage it functions, know how to make investment decisions about technology, and be prepared to exploit it to the benefit of their future employers.

Being part of the broad management education community. Networks open up vast sources of information, enhance collaboration among institutions and provide access to experts on many subjects.

Extending the reach and access of education. Europe has developed sophisticated text-based distance education systems to reach students who need more flexible approaches to their studies. Although most of these systems have low technology content, they are often supplemented by videos and other media. Traditional and distance teaching universities all over the world are extending the reach of ordinary classrooms through the use of interactive television, the Internet and computer conferencing.

Enhancing teaching and learning processes. Colleges and universities across the world are experimenting with different ways to use technology in teaching; but there is little consensus about the effect of technology on educational outcomes, or whether technology will ultimately improve learning efficiency. Nevertheless, there are several ways that technology can enhance learning.

First, technology can help learners move from simply receiving information to becoming more deeply involved in the creation of their own learning process. Students in the Japanese "100 school project" created materials that are now generally available over the World Wide Web; in other experiments, language learners are interacting with native speakers in distant lands. Shy students often communicate more freely via e-mail and groups of learners can create multimedia presentations for public consumption. In these environments, learners become creative participants, not passive observers.

Second, networks can take learners out of their isolated classrooms and into the world in general. Business students can interact with experienced business people and even consult for real small businesses over the Internet or through video conferencing.

Third, simulations and learning laboratories now develop real understanding of scientific and business processes. "What-if" exercises are easy to carry out, with no serious consequences if the experiment fails. Instead of following "cookbook" procedures, learners can try things that would never be permitted in a physical laboratory; if they fail, the resulting explosion is simply a representation on the screen. As a result of freer exploration, learners can master new principles. Instead of simply reading about a historic site, learners can now visit it through multimedia. With new virtual reality techniques, they can explore space, walk inside the rooms of a museum and interact with virtual people. Learning materials are no longer limited to text.

Finally, there is strong evidence that technology, even when applied with the intent to improve individual faculty and student productivity, can make important changes in learning processes. E-mail improves communications between students and the faculty; word processing enhances

learning by repetition; computer graphics display difficult concepts in three-dimensional representations, and spreadsheets lead students to explore complex relationships. Professors in this environment no longer hesitate to ask students to revise their papers and submissions. Repetition and practice lead to the achievement of a higher level of excellence.[1]

Improving institutional productivity. Even with the rapid growth of IT in colleges and universities, there is little evidence that institutional productivity has increased. Improvements in administrative, student and faculty efficiency do not leverage institutional productivity because 90 per cent of the costs in higher education are attributed to faculty and academic support staff. So far, technology has done little to reduce faculty–student ratios. Distance learning applications, such as interactive television and the Internet, promise economies of scale but need large audiences to offset the costs of installation, maintenance and support. Many universities and colleges are experimenting with the Internet as a means of delivering and administering courses. These may potentially be more productive than conventional systems; but most applications are too young to judge their long-range effectiveness. Although they try to avoid the term, some observers think that the higher education system needs to be "re-engineered." Peter Drucker said recently:

Thirty years from now the big university campuses will be relics. Universities won't survive. It's as large a change as when we first got the printed book - do you realise that the cost of higher education has risen as fast as the cost of health care? Such totally uncontrollable expenditures, without any visible improvement in either the content or the quality of education, means that the system is rapidly becoming untenable. Higher education is in deep crisis."[2]

Massey and Zemsky, in their paper "Using Information Technology to Enhance Academic Productivity",[3] present the case for the redesign of educational processes, including several paths to improved productivity. They, like Drucker, conclude that education must change and that universities which do not adapt to the new realities will atrophy. Because of their rigid structures, many existing universities will have trouble making the transition; but flexible new entrants to the education arena could have better prospects of success.

In spite of these gloomy assessments, there is strong evidence of change. Universities and colleges all over the world are moving into a new era of technology application and experimenting with a wide variety of approaches. Paths of evolution differ greatly between institutions. Some are installing computer networks and hoping for the best; others are designing new pedagogies, then seeing if technology can be adapted to suit; others are simply waiting and seeing. In the following section, we examine some of the different development paths being followed by colleges and universities.

5.2 *Alternate paths to technology application*

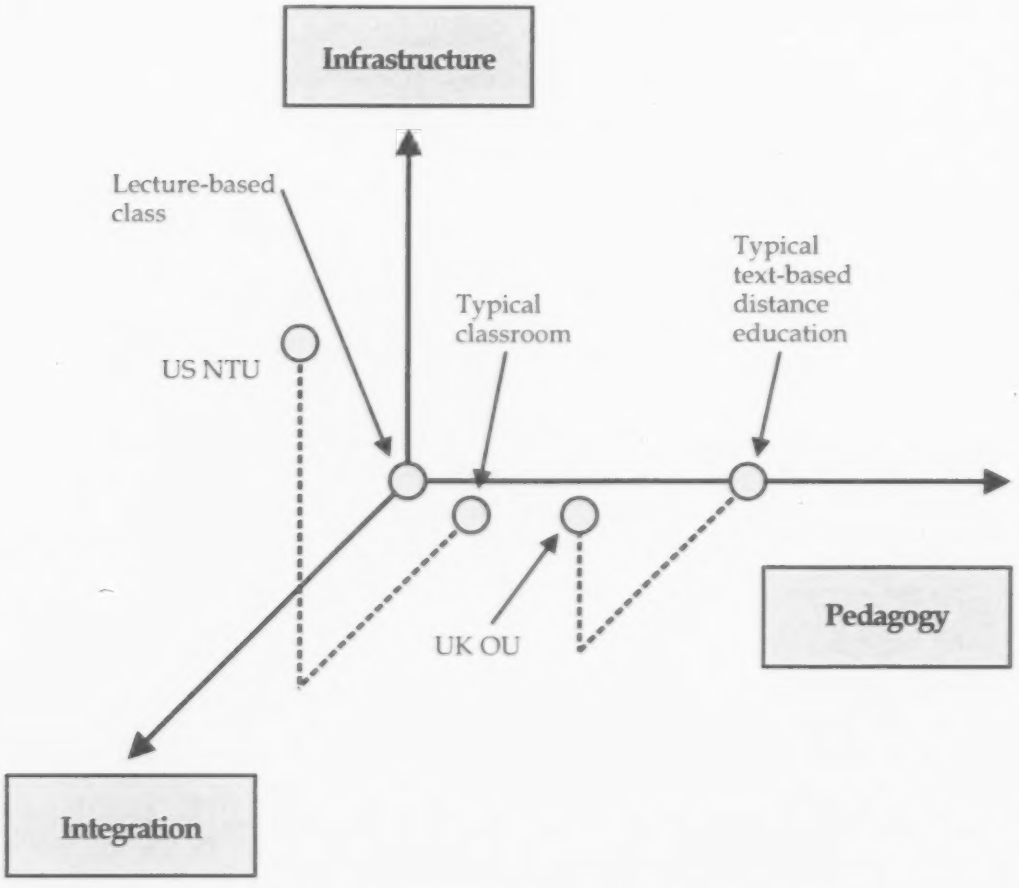
Because of the many paths that higher education institutions are using to move into the information age, we need some method of comparison. While examining the technology development of a number of European, North American, and Japanese universities, we found that

their paths could be described by looking at their movement in three dimensions: infrastructure, pedagogy and integration. These are shown in Figure 5.1.

We define the three dimensions as:

1. *Infrastructure*: availability of computers, networks and software for use by faculty, students, and staff;
2. *Pedagogy*: application of new paradigms of learning and teaching;
3. *Integration*: inclusion of telematics in learning and teaching processes.

Figure 5.1
Example of Three-Dimensional Comparison



If we define a typical lecture-based classroom approach as the intersection of the three axes, we can then compare different approaches to technology application. A typical teacher in higher education today has integrated some technology into his or her classroom. These may include computer demonstrations, overhead projection or videotapes. In the process, the teacher has probably made some basic changes to the learning approach. Thus, today's typical classroom is advancing in both technology application and pedagogy, but there has been little movement in infrastructure.

The typical European text-based distance teaching universities (DTUs) have concentrated on developing new pedagogical approaches where students can learn outside the classroom. This pedagogy is supported by a complex system of publishing, subject-matter development, document distribution, study centres and assessment methods. Courses are typically designed and "engineered" by a team consisting of subject experts and instructional designers. However, the vast majority of these programmes are low in technology integration. Although the DTUs have developed sophisticated infrastructures to support their programmes, they are not technology-based.[4] These text-based DTUs are now faced with the question of how to build a technology infrastructure and how to integrate technology into their pedagogical system. Some DTUs have developed sophisticated educational technology departments, which are working diligently to move into the mainstream of DTU offerings. Other departments have also broken new ground. One example is the European MBA programme recently launched by the Open University of the Netherlands, with four other partners. Learners in this programme interact with on-line learning and reference materials, participate in computer-based collaboration, attend occasional "resident" weeks and engage in traditional text-based studies.

The largest distance education university in Europe, the Open University in the United Kingdom, has developed infrastructures to support learning processes. The OU has long used conventional television and videotapes to supplement course materials, but lately it has also employed computer conferencing, the Internet and other technologies to aid in course delivery, and to assist in student tutoring, collaboration and counselling. These have been integrated into the pedagogical design of many courses. Thus, we show the British Open University advancing on all three dimensions on the graph.

In traditional European universities, many of the initiatives to install IT infrastructure were the result of deliberate government policies (both EU and nation-state) to move into the information society. The initiatives also included funds and projects to encourage the use of technology by faculty, staff and students. Now, in the last part of the twentieth century, those institutions are finding ways to integrate IT into teaching and learning processes, and establishing policies to support that direction. Faculties talk of new pedagogy and experiment with ways to change their approach. As a result, different approaches are now emerging.

For a number of years, the department of economics and business at the University of Maastricht in the Netherlands has been using "problem-based learning", where the learners, guided by a professor, decide upon their learning objectives, design their own group projects and participate in learner-led group discussions, while their professor assumes the role of mentor and coach. In

parallel with the pedagogical changes, the university began building its IT infrastructure. A number of projects and experiments aimed at integrating IT into the pedagogy are now being conducted. Several other universities in the Netherlands are considering whether the Maastricht experience would fit their environment, and almost all colleges and universities in the country have installed extensive networks, computers and Internet access. Pedagogical experiments in these universities are often guided by special departments set up to provide instructional design and media support. Projects, typically under the control of academic departments, are often funded by the state or European Commission. A number of co-ordinating organisations provide forums for project leaders to compare results and experiences.

Most, if not all, major business schools in Europe are experimenting with technology. Informal surveys indicate that the business schools, driven by student and business demands, are leading other university departments towards new applications. By contrast with the foregoing scenario, however, the University of Leiden in the Netherlands decided not to integrate technology into its learning processes. Instead, it decided to concentrate on quality, raise its entrance standards and stick with traditional lecture-based instruction. Although the university has a fairly sophisticated computer network on campus, its faculty members decided not to make themselves available to students by e-mail because this would take up too much of their time.

The National Technological University (NTU) in the United States took a different approach.[5] It established a comprehensive interactive television infrastructure, then transmitted traditional university classroom lectures to remote learners using feedback via e-mail or telephone after students have viewed the presentation. The NTU transmits over 20,000 hours of televised material a year. The major innovation is not satellite television, but the extensive system of support, accreditation and partnerships that the university has developed. Of course, technology is inherent to the learning and delivery programme, so we rank the NTU high on technology integration. However, it has made little change to traditional pedagogy.

The NTU chose satellite television as its primary means of delivery, and then developed its support system around that technology. Other virtual universities, especially in the United States, follow similar paths: they pick a technology, then develop a system around it. For instance, several universities have chosen the Internet and are basing their future on that medium. Many traditional universities, particularly in the USA, installed computers and networks with little thought to how such devices will be used in their instructional processes. They proceeded on the faith that other reasons were good enough to justify moving ahead.

The movement to install IT infrastructures in higher education began in earnest about five years ago, and has gained momentum in the last half of the 1990s. The use of IT by the faculty and students is now an accepted fact in almost all US colleges and universities, and almost all are experimenting with different ways of integrating IT into learning processes. In the American system, individual teachers are experimenting and developing their own approaches to integrating IT; while many universities have formed support units, it is individual teachers who are shouldering the vast majority of work. This is in striking contrast with the European system where experiments are often planned and managed top down and implemented by teams. Thus, a

typical American university first establishes a network infrastructure, figures out a way to integrate IT into ongoing pedagogy, and then evolves a new pedagogy over time. In this system, instructional design takes a back seat to subject expertise.

These observations point to several different migration paths for the use of IT in higher education. Different models for the application of technology are continually evolving. Conventional planning wisdom says that institutions should predetermine what kind of organisation they want to be and then lay out a plan to meet their goals, but data from the campus computing project shows that only 43.4% of the American institutions surveyed had organised strategic plans: instead, they were simply "experimenting".

Although there are many dreams about where universities are headed, the reality of these has yet to be demonstrated. Higher education is in a period of rapid transition. Administrators will have to decide whether they want to be participants or observers of the rapidly changing higher education scene.

5.3 Some key educational applications

In this era of experimentation, educators are trying out a wide range of technologies. However, they are applying commercially available products and services rather than developing their own. This is quite a change from twenty years ago, when colleges and universities pieced together their own systems and procedures. In today's market, standard technology is cheaper, more reliable, more durable and more repairable than that designed for a single institution. The following technologies and applications have found popularity in higher education:

5.3.1 One-way television

Television is good for taking learners to places where they cannot themselves go, giving them access to people whom they otherwise would not be able to meet, and demonstrating and illustrating things that they might never be able to see in reality (for instance, distant planets or how a semiconductor is made). Television can also be a rich medium for case studies, the demonstration of cultural differences, and news. At its best, television can captivate an audience. At its worst, it can turn people off. Television tends to flatten personalities, make on-screen people fatter and highlight a person's worst features.

Students' standards for educational TV quality are formed by their experience in watching commercial TV. Simple projection of classroom lectures makes dull TV and students (especially those in Europe) will not watch such material unless there is a compelling reason to do so. Often that reason is credit and certification: students need the credits and are willing to endure dull lectures rather than travel long physical distances to attend a live lecture. Professor Tom Russell of North Carolina State University claims that the quality and sophistication of the medium has no effect on learning outcomes.[6] However, he based his conclusions on credit-bearing courses. Yes,

students can learn from poorly-produced materials: but they must be motivated by factors other than those built into the televised materials themselves.

Like professional TV personalities, the most effective and interesting TV lecturers use a lot of "show-biz" consisting of enthusiastic presentations, well-designed graphics, fast-paced material and short learning modules. Commercial training videos typically employ professional presenters or actors rather than teachers. The UK Open University, working with the BBC, has many outstanding examples of this genre. Although desktop computer editing systems have somewhat lowered the price of production, well-produced videos can cost 10 to 50 times as much as a simple classroom presentation.

Although creative producers have developed interesting ways to use television, learners are still passive participants in the process; they are not engaged. One-way TV is most often asynchronous; the presentation is recorded and students watch at their convenience. In the classroom, short TV modules, interspersed with individual or group exercises and feedback, can alleviate this shortcoming. Nevertheless, on a mass basis, television has done little to change pedagogical approaches or to reform learning processes.

5.3.2 *Interactive television*

One way to move classroom TV from dull to moderately interesting is through the addition of live feedback and interaction. In this mode, students view live lectures at video classrooms or designated receiver sites that are equipped with audio and/or video feedback to the transmitting professor. True interactive TV education is synchronous, that is, the instructor and students interact live and in real time. Some systems have sophisticated audio and push-button response units that collect statistical data from the students. For instance, students can punch in a selected answer to a professor's multiple-choice question; the instructor then sees a distribution of the answers on his computer screen. Many industrial training systems and some university systems in the United States and Japan employ this model. There are a few European systems, but continental companies and universities have been less enthusiastic because of fragmented educational markets and expensive telecommunications costs. Europace 2000, operating out of the Catholic University of Leuven in Belgium, is probably the best known example in European higher education. Their programmes use a variety of feedback mechanisms.

Interactive TV systems are much more expensive to install and maintain than one-way systems, but they also open the door to more creative pedagogical approaches. Professional television producers may develop the best one-way television, but educators and instructional designers produce the best interactive educational television, combining video, graphics, demonstrations, group discussions and live presentations. For instance Professor Guy Bensusen at Northern Arizona University uses interactive television to lead multicultural learners in an exploration of south-western culture.[7] He helps learners to take responsibility for their own work, and to collaborate with other learners over vast distances. Thus, in the hands of creative educators, interactive TV can be integrated with learner-centred pedagogical approaches.

5.3.3 *Computer-aided instruction (CAI)*

Educational administrators, technologists, politicians and science fiction writers have long predicted the time when computers could teach us all that we need to know. The birth of the CD-ROM gave a new breath of life to that hope. Current CD-ROMs hold about 600 megabytes of information, about half the space required to hold a feature-length film, but large enough to hold thousands of pages of text. CD-ROM is the medium on which much commercial computer-aided instruction is distributed. The recently released digital videodisk (DVD), with capacity enough to hold a feature-length movie, promises to open up more possibilities for the integration of text, graphics, video and virtual reality.

Computer-aided instruction has proven to be effective in many educational and training-based applications. Studies have shown that CAI can produce over 20 per cent better learning outcomes than conventional classroom methods, especially when employed to teach repetitive skills such as certain math operations.[8] Well-designed multimedia CAI can challenge learners' imaginations, present mind-stretching exercises, test learner progress and perform a variety of other functions. With the proper equipment, learners can work at home, at the workplace or in a computer lab. Most current applications are "stand-alone", where the learner works alone, although networked and hybrid models are being developed.

Although interactivity is built into CAI, the learner is typically a passive interactor. He or she may answer questions or interact in some small way, but does not create the material. This point will be expanded in our discussion of networks, below.

The key issue with CAI is expense. The commercial programmes are developed by teams of professional designers and can cost up to half a million ECU to produce. Even a moderately sophisticated CD-ROM learning application can take 20 to 100 times as long to design as a classroom lecture. This time needs to be written off across large volumes of learners. The "market" for these applications in higher education is fragmented and poorly organised. It is no wonder that good classroom materials are so scarce in higher education. Morris *et al.* found that good educational software programmes developed by academic authors normally take five to ten years to be developed, have low support from their institutions and are obsolete by the time they are developed.[9]

There are also institutional impediments to the use of multimedia courseware. In most institutions, a faculty committee or department must approve the purchase or addition of a whole course, whereas a single instructor can purchase or employ a module used within a course. That suggests that small learning modules could be more useful, as well as more marketable, than course-sized units.

Small multimedia CAI learning modules are most effective when designed for specific, limited learning objectives so that they may be included as part of a larger course or programme. This granular approach also gives course leaders greater flexibility in overall course and pedagogy design.

Some business schools are actively researching new CAI applications. The INSEAD centre for advanced learning technologies is considered one of Europe's leaders in the field. Its R&D projects, to which a number of INSEAD faculty members have contributed, have led to new learning systems such as the multimedia cases on MINITEL.[10]

There is strong evidence that ordinary applications such as word processing, e-mail, spreadsheets, Internet access and database access can have profound effects on learning processes. Ehrmann found that these applications, which he labelled "worldware", are often more effective than specifically designed educational courseware.[11] A unit of courseware can affect one class or one subject, but "worldware" changes the whole educational lives of learners. Using these applications, learners can become more active participants in their learning process in numerous ways such as creating materials to share with others, thereby opening their work to the critique and analysis of their peers. Teachers can generate fresh materials and immediately make them available to learners via e-mail or the network. Word processors and spreadsheets give both teachers and learners the chance to seek excellence through multiple editing of their work. Merola, in a paper entitled "Using the Network as an Integral Part of the Curriculum: You Can Walk Before You Run", describes how he used these technologies to teach chemistry.[12] The cumulative effect of learners and teachers working together with such tools can dramatically change the landscape of the learning process.

5.3.4 Simulations and games

Games and simulations have a long history in business education. As far back as the 1960s, executive education programmes were using games to give learners a chance to "run a business". Today, both stand-alone and group-oriented games are available on CD-ROM or networks. Other games employ the Internet to facilitate participation and competition from individuals or teams located in different geographical areas. Again, INSEAD provides some notable examples with applications such as "the Apex situation-based case, and the EIS simulation, a multimedia business simulation on change management which is now available in four languages."[13] In network mode, simulation games are useful for developing team-based skills and teaching the participants how to use networks to manage and participate in projects. Simulations are also useful in a variety of other subjects, such as negotiation.

Many business schools are now using case studies based on techniques perfected by London Business School, INSEAD, Harvard, Cranfield and others. A number of case studies, typically including textual information plus videos of the subject company and its management, are now available on CD-ROM and can be located though Cranfield University's Internet site for easy searching.[14]

Simulations and case studies represent some of the major pedagogical contributions of business schools. Case studies engage learners in real situations that require both individual and group skills. The new media-based simulations and cases build upon that legacy to add colour, realism and excitement to learner environments.

5.3.5 *Virtual reality*

Virtual reality takes games a step further by letting the participant "enter" the space in which the action or learning takes place. The best public demonstrations of the techniques can be found in video arcades where players engage in activities ranging from a shoot-out with wild bandits to piloting a jet aircraft. The potential applicability of these techniques in management education is easy to imagine, for example, in helping students learn manufacturing operations. Professor Albert A. Angehorn at INSEAD is exploring virtual reality in a project entitled "Virtual Corporate Training and Development Centres". Virtual reality holds great promise for training and education in the future, but applications are expensive to develop, so packages that are useful for management education are limited. However, this field is moving rapidly.

5.3.6 *The Internet*

The Internet, with its primary facility, the World Wide Web (WWW), is a vast new playground and laboratory for educators. With over 30 million people connected all over the world, the WWW is huge potential market for education. It is also a huge source of information and knowledge resources, a cheap medium for text, audio and video, a facility for computer, audio and video conferences, a source of tools and solutions, an evolving laboratory for organisation studies and an electronic bazaar. Colleges and universities are rushing to exploit these features. From simple e-mail to fully on-line courses, traditional universities are integrating the Internet into their daily operations, while new virtual universities are testing new concepts of delivery and learning. New forms of collaboration link different institutions into on-line mega-universities. The Internet holds the promise that networked multimedia education can be a reality.

Besides the foregoing characteristics, the Internet has changed the environment for educators in important ways:

- it is relatively cheap and easy to obtain;
- it is accessible to large numbers of people;
- browsers represent a standard interface available to all at an inexpensive price;
- the WWW is a relatively standard platform for application development;
- the WWW holds the possibility for multimedia educational applications;
- the WWW allows all participants to become publishers. So enabled, the learners themselves become generators of course materials.

One of the big limitations of the Internet is bandwidth. In some countries, the trunk carriers or backbone that carry Internet's signals are slow and in all locations, users are limited by the speed of their "on-ramp". Most users connect with relatively slow analogue modems. Under these conditions, downloading files or waiting for graphics to appear on the screen can take excruciatingly long times, and video demonstrations are essentially impossible. With ISDN speeds, video conferencing over the Internet is reasonably good, but pictures are still slow and jerky. New

technologies such as ADSL will improve the performance of plain old telephone lines, but the true multimedia potential of the Internet requires fibre optics or satellite backbones and on-ramps.

In the meantime, the Internet and the WWW still offer educators plenty of opportunities for exploration. For a variety of topics from organisation theory to economics, educators can set up special studies, group exercises or research challenges. These can be easily designed with new application tools. Thus the Internet is a good standard platform on which new pedagogical approaches can be developed, tested and moved into the mainstream. Furthermore, assuming that computers, modems and Internet providers are available, the Internet is relatively cheap compared to other media.

Almost all major business schools have web sites, providing information to the general public, prospective and current students, faculty and staff. Stanford University, whose site receives over a million inquiries per year, demonstrates the popularity of these sites. See Figure 5.2 for the Internet addresses (URLs) of some of the top schools.

The Internet's open access is a two-edged sword. The open architecture opens the door also to security problems and hackers. Although many of the stories in the media tend to overstate the magnitude of the problem, education providers need to understand the risks and take appropriate security measures. Another issue that concerns all Internet publishers (and everyone can be a publisher) is the protection of intellectual property. The copyright of materials published on the Web (for example, reference materials for classes) must be protected appropriately. Such items may be protected by password, for minimum security, or through some new smart-card-based schemes such as that being developed in the ESPRIT CopySmart programme.

5.3.7 *Intranets*

One way to protect vital information, and in some cases give improved bandwidth to users, is through an internal Internet, or "intranet". This is a network using the Internet's TCP/IP interconnection protocols that operates within the boundaries of a given company, university or organisation. Such systems operate with standard Internet browsers and other software over the organisation's local area cables. Network administrators can open users' access to the broader Internet, but outsiders can be barred from vital internal information through mechanisms such as "firewalls", special software that blocks outside intrusion. Through other mechanisms, such as Digital Equipment Corporation's tunnelling system, selected outside persons or organisations can have access to designated areas of the intranet.

Companies all over the world are installing intranets at a rapid pace. The growth of servers for intranets is much greater that that for standard Internet installations. Corporate intranets provide a wide array of information services, support co-operative work and give employees access to up-to-date training materials. Employees can access outsourced services simply by clicking an icon on their browser screen. This is an important marketing tool for providers of management courses; they get their icon onto clients' intranet screens. For instance, a manager who wants a course in employee counselling can click an icon that takes him or her to the web site of the "approved" provider (which could be a local university).

Figure 5.2
URLs for Selected Business Schools

- INSEAD, European Institute of Business Administration: http://www.insead.fr/
- London Business School: http://www.lbs.lon.ac.uk/
- IMD, International Institute for Management Development: http://www.imd.ch/
- Rotterdam School of Management, Erasmus University: http://www.rsm.eur.nl/MBA/html/eras1.html
- IESE, International Graduate School of Management of the University of Navarra: http://www.venda.com/KOGAN/IESE.html
- Manchester Business School: http://www.mbs.ac.uk/method.htm
- Cranfield Business School: http://www.cranfield.ac.uk/
- Bocconi School of Management: http://www.uni-bocconi.it/
- Fuqua School of Business, Global Executive MBA (GEMBA™) at Duke University: http://www.fuqua.duke.edu/programs/gemba/index.htm
- Harvard Business School: http://www.hbs.edu/
- Darden Graduate School of Business Administration of the University of Virginia: hVirttp://www.darden.virginia.edu/

Local Area Networks (LANs) generally operate at speeds of 100 to 1,000 megabytes per second. This is more than enough to provide full multimedia with video support, provided that the designers install enough capacity to support the full array of applications in an organisation.

Intranets hold the key to overcoming two of the main limitations of the Internet – bandwidth and security – while giving users access to Internet's information resources and interconnectivity. For example, the Darden Graduate School of Business Administration installed a sophisticated intranet that provides access to hundreds of databases, including market research and econometric data, class materials and general library references.[15] Students may plug into the intranet with their laptop to enter a virtual world rich in resources.

5.3.8 *Computer and video conferencing*

Computer and video conferencing are proving to be valuable tools for collaboration among faculties and students, tutoring and, in some cases, delivery. Some of the latest conferencing tools, such as Microsoft's NetMeeting, facilitate the sharing of files, graphics and sketches among multiple learners or telecommuters. The Open University in the UK has pioneered the use of computer conferencing for delivery and tutoring of distance education courses, while New York University in the United States has been a leader in exploring Lotus VideoNotes as a video conferencing delivery and tutoring tool.[16]

5.3.9 *Broadband multimedia*

Futurists describe an environment where everyone (who wants to be) is connected by fibre optics technology that provides unlimited access to a rich array of multimedia services including medical, business, entertainment, education, communications, shopping, travel and anything else that entrepreneurs can offer. In such an environment, anyone could "dial up" a service on demand. Want a movie? Click here! Need a doctor? Click here! Need education? Click here for the best in management education!

Some countries have made this environment a national priority. For instance, Japan announced the intention (and the budget) to wire the whole country with optical fibre by the year 2010. All sectors of the Japanese economy are frantically trying to beat Europe and the United States to the goal of a full multimedia society. Multimedia and deregulation are the cornerstones of the Japanese government programme to revive the economy. Europe's programme is perhaps less centralised but is nonetheless ambitious, and the American National Information Infrastructure has moved into the competitive mainstream. The utopian dream may not be realised, but we can count on a dramatically different telecommunications and multimedia environment in the relatively near future.

5.3.10 *Just-in-time learning*

Futurists hope that broadband multimedia will lead to an environment where learners can find the education or training that they need, when they need it and where they need it. The learner will simply click on an icon to access a learning module. While this seems like a wild dream, many of us have such a system on our desks: modern desktop computer applications have "help wizards" that give us answers when we need help. Microsoft's Office97 includes such facilities. These are still primarily text and graphics-based, but video clips are included in some systems. These systems are built on the idea that users can ask a question at the time they need answers, not in some abstract training session.

This idea is the precursor for the field of electronic performance support systems (EPSS), which include a methodology that examines individual jobs and then designs a just-in-time system to support them. Today, such systems are aimed at jobs that are relatively well defined and limited in

scope, but it is conceivable that systems for supporting managers and executives will be appearing in the near future. Parenthetically, we note that some managers do not like their employees to have just-in-time training; these traditional managers fear that employees will spend too much of their time learning and too little working.

5.4 *Alternate scenarios for a new business school*

The foregoing list is only a sample of the many technologies that universities, colleges and other establishments are employing for business and management education. A new business school faces a sea of choices in a rapidly changing environment. But the new institution also has a chance to avoid some of the barriers that are inherent to large, existing organisations. In this section, we shall explore some alternative approaches that leaders could choose.

The organisers of a new business school have a unique opportunity to plant the seeds of a new vision. The actions of the founders will help determine the direction and success of the new unit. While most universities must work hard to overcome the inertia of their traditions, the new institution can choose its direction from the best ideas around the world. The founders of a new organisation will need to define their vision for the future, and then lay the groundwork for the kind of environment in which the organisation can grow and thrive. The plan for the new school should recognise that organisations continually evolve and change. The theory of self-organising systems suggests that the founders concentrate on the following minimal decisions:[17]

- define the vision, scope and territory of the organisation;
- establish the rules and environment in which the unit will operate;
- select a starting team;
- introduce the tools to get the job done;
- stimulate the organisation to strive for excellence;
- provide incentives, recognition and rewards.

Technology, of course, is an important component of these early decisions. Technology (or the lack of it) forms part of the environment in which the organisation will operate. It also helps provide the tools with which members of the organisation will work. Let us now focus on some of the technology environments that may be chosen. In these scenarios, we assume that any modern institution will use information technology to support its administrative services. Therefore, in the following four scenarios we will concentrate on technology that supports or affects learning processes. These are imaginary, hypothetical institutions that we have created to illustrate the different approaches that management schools might take.

5.4.1 *Scenario 1: Socratic Business Institute*

The founders of the Socratic Business Institute (SBI) decided that policy, strategy and economic issues were the most important leadership priorities. The institute is a place where scholars, business leaders, politicians and other experts meet to discuss the most important trends and issues that will confront future leaders. As such, its goals are to be recognised as the place where thought-leaders from around the world gather, the source of cogent policy initiatives, and the place where future issues are defined and discussed. The founders visited the Aspen Institute, Oxford University and a number of other scholarly institutions to examine their methods.

"Learners" at the institute are participants and sometimes leaders of seminars or discussion groups that include leading thinkers from around the world. These discussions meet in comfortable rooms outfitted with standard late twentieth-century audio-visual equipment such as white boards, overhead projectors, computer projectors, video recorders and projectors, and audio equipment.

Learners arrive fully skilled in basic business and management skills, including accounting, finance, economics, quantitative analysis, psychology, human relations and organisation behaviour. In addition, they are fluent in the primary language used at the institute and are expected to be fully capable of participating in all of the seminars and discussion groups. Since many of the discussions focus on the appropriate role of technology in business, government and society, learners are expected to have received an introduction to information technology in their previous work before coming to the Institute.

The Institute's library is recognised as one of the leading collections of printed literature in business, economics and policy. The stacks include historical materials that trace the development of different business and economic systems around the world. Although the library uses computers to catalogue and search the references, materials are available only in print. The library has no capability for accessing information that is printed only in electronic form, but other co-operating universities can provide such materials.

Learners are expected to research and study the various topics addressed during their course of study so that they arrive at each seminar fully prepared to contribute fresh ideas and succinct points of view, through discussion and written position papers. After the conclusion of each seminar, each learner writes a summary that is circulated among all the learner/participants for debate and final consolidation by a selected team of learners.

To prepare their papers, learners have access to computer word processors. Reports are copied and distributed in paper form, but to facilitate sharing and consolidation of the report, learners often exchange diskettes among themselves. This saves the laborious task of retyping. Although audio-visual equipment is available, seminar leaders are encouraged to use the Socratic method with active oral expression from all participants. Slick, high-tech presentations are rare.

The ambience of the Institute reflects the founders' decision to invest in physical facilities, including seminar rooms, residence halls and library. In addition to depreciation, the Institute spends a large proportion of its budget on faculty salaries (a result of its efforts to attract high-quality faculty and its high faculty-student ratio) and on travel and fees for guest speakers.

Graduates have achieved a reputation for being scholarly, articulate, thoughtful and diplomatic. Most feel that the SBI was the pinnacle of their education experience.

5.4.2 Scenario 2: Networked Socratic Institute

The founders of the Networked Socratic Institute (NSI) valued the experiences and outcomes of the pure, low-technology Socratic approach, but felt that learning could be enhanced by opening access to a wider range of leading thinkers, providing gateways to electronic source materials and enhancing collaboration. They wanted to retain the high quality of seminar discussion, therefore eschewing electronic courseware as being inconsistent with Socratic values. They viewed technology as a method to enhance and facilitate the strengths of scholarly discourse.

To open up access to world experts, NSI installed a large-screen video conferencing facility in its main seminar room. Through this device, seminar participants interact with experts all over the world, who participate in the seminar from their own desktop video conferencing system. Although the participants still prefer face-to-face seminars, they are thrilled by the opportunity to talk to world-renowned leaders.

Information about the Institute's seminars is posted on the NSI intranet. This includes scheduling and location information and background materials about the topic and the speaker. Learners regularly use the intranet to prepare for seminars. A work space is prepared for each seminar where learners post their position papers, read and critique each other's work, and suggest lines of discussion in the coming seminar. This same space is used for post-seminar conclusions and consolidations that are also added to the Institute's electronic library as reference for other studies and for policy analysis. Although they may be located thousands of kilometres away, seminar speakers access the materials through a special sign-on so that they may continue to participate in on-line discussions. In addition, graduates of the Institute are given passwords so that they can continue to learn and participate in the Institute's work. At the beginning, only on-site learners organised and facilitated the on-site seminars and the on-line discussions. Recently, some off-site graduates have begun to facilitate the on-line discussion forums.

The learners also plan and organise most of the seminars through the use of telephone, e-mail and video conferencing. Speakers look forward to being contacted because of the prestige of participating in the Institute.

The Institute's library contains a collection of scholarly books and papers, plus access to on-line data sources and electronic archives. Its modern search and classification system is integrated into the intranet for easy access by learners from their living quarters, classroom, seminar room or any place where they can log in with their personal computers.

Because the results of its work are in high demand, the Institute publishes selected policy papers and scholarly publications on the World Wide Web. Certain papers are provided free of charge, while others require a subscription fee. These papers have enhanced the Institute's reputation all over the world.

Like the SBI, the NSI also invested heavily in buildings and high-quality faculty. The addition of the video conferencing facility, an additional capital investment, was partially supported by a grant from a major telecommunications company. NSI planners foresaw that the return on investment of the video conferencing facility would eventually be positive because of savings in travel and fees for guest speakers. However, they now feel that the enrichment of the programme and increased access to speakers more than justified the expense.

The intranet was relatively inexpensive to install and students have designed most of the content using widely-available authoring tools. The expanded "community", served by the intranet and its Internet gateway, has become a strong source of support for NSI programmes and research. NSI administrators estimate that the intranet has paid for itself by reducing reproduction and paper costs. In addition, faculty, students and administrators praise the information provided.

Graduates of the NSI have achieved a reputation for being scholarly, articulate, thoughtful, and diplomatic. Their strong, active network of contacts enhances their reputation and effectiveness with experts, peers and new students from all over the globe. NSI graduates are a rich resource of ideas, leadership and support for the institute.

5.4.3 *Scenario 3: Management School Consortium*

Founders of the Management School Consortium (MSC) knew that it would take years to assemble the kind of faculty and programme necessary to build a high-quality business school, so they decided to form partnerships with strong existing institutions. They hoped that the partners could supply the courses, expertise, materials and academic reputation necessary to give MSC graduates the depth and breadth of knowledge needed to work in the future business world. As a result, the MSC has a broad-based curriculum, covering a wide range of business and management subjects aimed at new college entrants, graduate students and practising business managers. MSC consortium schools agreed to full accreditation and credit transfer among members. Final degrees are granted from MSC, but a given student's credentials may contain credits from a variety of schools in the consortium. Although MSC students could reside at any partner school and participate in the MSC programme, the primary student body is located at the central MSC campus.

To facilitate its concept and overcome limitations of physical distance, MSC installed an interactive satellite television system to connect consortium members, with the strategic intent to phase over to an optical-fibre ATM system when appropriate trunk facilities were in place. The current system allows any consortium member to transmit classes to any or all other members with audio and text feedback. Using this system, students have access to a wide array of subjects from across the spectrum of member institutions' curricula.

In addition to the interactive TV system, the central campus of the MSC is wired with optical fibre cable that is used to transmit interactive TV signals to different points around the campus. Learners have access to classes in either synchronous or asynchronous mode. For instance, if they miss a class, they can view the class by accessing the university's video server that stores the sessions for viewing on demand. The server also stores a variety of other multimedia materials, including simulations, computer-mediated instruction modules, case studies and progress assessment modules. Career and academic guidance modules are also included. Faculty members praise the system's extensive catalogue of multimedia materials for purchase or loan.

The university's broadband intranet is the learners' interface to the video library as well as other information and communications services. Through this medium, faculty members, learners, guest speakers and administrators can communicate and collaborate. The intranet also includes the links to the other members of the consortium. However, for various reasons, some of the members have not yet installed systems that are the equivalent of the central campus. Most students on campus have multimedia-enabled laptop computers with which they can connect to the network in their residence quarters or from other points around the campus. For those who do not own a laptop, the university provides access points around the campus using new network computers.

Although some modules of classes can be completed through distance learning, the consortium sees its mission as providing on-site high quality education. Almost every class requires some resident instruction. Nevertheless, the exact mix of different modes of learning depends upon the individual instructors and departments who prepare and facilitate the classes, sometimes with the advice and support of the university's instructional excellence department. Multimedia learning modules are sometimes developed by individuals or teams and are placed on the server for general distribution. Through the central system, materials generated by faculty and students are available for multiple use. The university's bonus system awards developers an amount dependent on the usage of the materials.

Almost all faculty members use the intranet for posting class schedules, class materials, assignments, tests and test results. Many also use the system's sophisticated groupware capability for collaboration with other faculty members and students, and for class exercises. Professors from consortia members can also use this facility. Students post their homework and submitted papers on the designated web page, and most are open to other students for critique.

The MSC decided to install a sophisticated infrastructure that could be used by faculty and students for learning and exploration. Although the central instructional excellence department offers advice, the individual departments and instructors determine the pedagogy that they will use for individual classes. The university also provides extensive on-line and face-to-face training programmes for faculty and staff.

Consistent with its on-line philosophy, MSC's administration is completely on-line through its intranet. Students select programmes of study, select and register for classes, maintain personal and academic records and check campus activities, all on-line. The MSC consortium dreams of a time when all locations are wired together with optical-fibre ATM systems that will provide a seamless interface to all users, regardless of location within the system.

Compared to its more traditional consortium partners, the MSC central campus spends less on administration because of its sophisticated "self-service" administrative system, where students themselves can register for classes and manage their own academic affairs. MSC's faculty-student ratio is about 80 per cent that of traditional schools, owing to the TV links with its partners. This saving has been mostly offset by investments in technology and by technology support functions. Nevertheless, MSC administrators realise that they were able to offer a high quality curriculum with a very short start-up time because of MSC's electronic links with its partners.

5.4.4 *Scenario 4: Virtual Business School*

The founders of the Virtual Business School (VBS) knew that they had little time in which to establish their organisation; the need for new managers and executives was growing rapidly in their region. They anticipated that it would take several years to find and recruit a new faculty, locate or build a physical plant, build up support staff, establish the library and develop academic and administrative systems. After looking at a variety of models, such as the Dutch Open University's European MBA consortium, the UK Open University's MBA programme, the US National Technological University, the University of Phoenix and the Fielding Institute, they decided to establish a virtual school. Their concept was similar to the Management School Consortium, except that the VBS decided not to invest in any academic, residential or physical buildings. Today, the VBS's small administrative and academic staff is housed in sparse rental facilities. The VBS consortium consists of three "traditional" and two distance teaching universities who manage the academic programmes and provide much of the faculty. Because of its virtual nature, VBS also uses faculties located all over the world.

VBS learners carry out most of their work over the Internet, using their own or company-provided computers and standard Internet software. A few students who do not own personal computers use study centres (of consortium members) or telecommuting centres.

At its inception, VBS academic leaders, recognising that distance education courses as employed in European distance education universities take up to three years to design, decided on a pragmatic approach. They used existing materials whenever possible, and creative faculties who could employ the Internet to deliver courses. By browsing the Internet, VBS department heads located a number of accredited courses being delivered by Internet from other universities. VBS negotiated agreements with several of these to incorporate courses into the VBS curriculum with the appropriate fee and credit transfers.

A typical VBS course now includes on-line course schedules, study materials, reference materials, interactive modules, tests, collaborative work, tutoring and exercises while some multimedia components, such as short videos, simulations and models, are also integrated. Case studies are a growing application. Instructors use Internet computer conferencing, video conferencing or telephone to counsel and tutor students.

Because the VBS knows that managers and executives need strong personal and group skills, resident programmes are required components of most curriculum tracks. In the management track, for instance, learners are required to complete two-week resident programmes every six months. These are conducted on the site of one of the five consortium members. Other programmes, such as accounting, have less stringent residency requirements.

From its inception, the VBS recognised the importance of intellectual property right administration. The rights of authors would have to be honoured, and certain materials would have to be protected from outside intrusions. They decided to use a smart card-enabled method to administer their programme, even though that meant that all learners would need smart card readers on their computers.

The VBS on-line forums with leading thinkers from around the world have received broad recognition for their content and creative format. VBS students organise and administer the weekly events, and on-line participants have the opportunity to ask questions in audio or text; some forums include video pictures of the guest "speaker".

Because of strong support and co-operation among the consortium, the VBS was established in record time. The consortium spent great effort and study on establishing the rules of operation, including payment of fees, requirements for students, credit transfer and certification procedures. Good planning and leadership were the key to success. In addition, a team of experts laid out the technology infrastructure scheme in detail.

The VBS prides itself on providing the highest-quality outcomes at the lowest cost. Administration is run over a simple internal intranet, while the public Internet is used to deliver and administer the academic programme. Physical facilities are minimal because the faculty and staff are virtual. VBS's investment in planning has far exceeded traditional university norms; but administrators knew in advance that they would be treading new ground.

The "virtuality" made it easy to recruit faculties all over the world. VBS academic leaders quickly developed methods to judge the quality of virtual faculty members' work. This trial and error process yielded some failures. Virtual learning and teaching have a short history, and many are still experimenting with the concept. VBS leaders are also concerned that the virtual faculty and staff have no long-term commitment to VBS. How does a virtual university build loyalty and commitment? This is a continuing theme of executive staff meetings.

VBS graduates praise the virtual concept. Although many learners dropped out of the programme because they missed the psychological and learning reinforcement found in traditional universities, the students who persisted received a strong business education that fit well with their busy lifestyle. VBS graduates are in strong demand particularly in companies that are strong users of networks.

A virtual university is quite different from a traditional distance teaching university (DTU) in some very important respects:

1. The virtual university publishes little or no paper, whereas the DTU depends primarily on text-based materials.
2. The virtual university depends on on-line teachers and tutors for student support; the DTU uses a combination of study centres and tutors for this purpose.
3. The virtual university administers its tests and certifications on-line using special security arrangements to identify students. On-line tests and exercises are administered frequently to measure learner progress, give reinforcement and encouragement and insure maximum engagement. DTUs administer certification exams at the end of courses, and usually require the student to take examinations at study centres.
4. Virtual university courses are designed and facilitated by faculty members responsible for their individual courses. Whereas they receive training and guidelines for course design and conduct, the profile of the course is in their hands. It is up to them how they use the on-line facilities, text, telephone and so on. In other words, pedagogical design is decentralised in a virtual university. Some courses may be designed and facilitated by a team, but the team consists of subject experts, not instructional designers. Design of an individual course may take six months or less. On the other hand, DTU courses are typically designed by teams that often include instructional designers, with a design time of 18 months to three years. Courses are packaged in "house design format" to reflect the institution's image.
5. The virtual university unashamedly focuses on the on-line population. Learners must have access to the appropriate hardware and network facilities. Further, they must be competent users. DTUs that practice open and distance learning see their mission as providing "second chance" education or education that is open to all, thereby designing their courses and delivery for the average citizen who probably does not own a computer.

5.5 *Key issues*

Regardless of the kind of scenario that one chooses or the path of evolution, there are a number of issues that must be faced. These include the following:

Wiring the campus. Regardless of the type of scenario that an institution envisions, all new buildings or facilities should be network-ready with optical fibre cable installations. Even if a network sits unused for a while, the cost of installing optical fibre in a new facility is negligible by comparison with retrofitting the facility at a later date.

Cost of support and maintenance. Many, perhaps most, colleges and universities underestimate the cost of supporting and maintaining their technology infrastructure. Administrators tend to focus on the initial investment in equipment and software, and forget to estimate the costs of training,

help desks, software upgrades, hardware and software maintenance and unpredictable charges. Because technology change outdates computer equipment every three years, administrators continually face the question of when and if to upgrade hardware and software. They also face students who are unhappy at finding equipment on campus that is less capable than they have at home.

NC/NET PC. The network computer (NC) or its variation, the NET PC, are computers designed to take most of their instructions and data from the network to which they are connected; they have little stand-alone capability. Manufacturers project that these devices will cost between 500 and 1000 ECU and will dramatically reduce maintenance costs for institutions and businesses, although there is as yet little real experience with the concept. Organisations with strong central departments that can enforce standard software and procedures may realise lower costs, but in those which do not have adequate support, NCs are likely to frustrate users who are accustomed to solving their own problems and using their self-selected software. Yet, NCs are an evolving product line that could prove to be important in education, and education planners should watch their development.

Cost of courseware development. As we pointed out earlier, a computer-mediated, engineered multimedia course or module can take 20 to 100 times as long to develop as its classroom equivalent. A well-designed multimedia course can cost over 500,000 ECU to develop. Of necessity, these are aimed at high-volume markets. Such a project, if undertaken by a single faculty member, may take years to develop. Ehrmann's work showed that such courseware modules are usually obsolete before they are perfected.

The answer to this dilemma is to use team-based development where multi-skilled teams develop course modules. This of course shortens the development time, but increases the cost. This option is seldom available to universities because they themselves do not have sufficient student volume to justify the expense. Further, they do not have the market channels or market competence to distribute their developments to the mass market. Commercial companies do have access to the markets and may often employ university teams to mastermind their developments.

Whereas a new business school may not be able to afford to develop its own CAI courseware, it can afford to watch developments in the commercial market and in other institutions such as INSEAD. Such an approach requires allocation of budgets to academic departments so that they may purchase modules for experimentation.

The other path. Engineered courseware is not the only way to improve learning processes. Ehrmann and others have found that ordinary computers, software and networks dramatically affect pedagogical approaches. Good technology infrastructures and support can unleash faculty creativity, with powerful results. This suggests that academic leaders should invest in creative faculty, good infrastructure and a positive reward system. Leaders should establish an environment in which creative teachers and learners may thrive. This environment needs also to provide support:

> *Pedagogical change enabled by technology requires development services that help faculties understand and adopt new teaching approaches. As many of the new pedagogical approaches rely on new ways for students to access new kinds of information resources, increased and more sophisticated library services are also required.*[18]

Standard interfaces/standard software. A business school should recognise that its main mission is to educate future business leaders, not to invent new software operating systems or the next great word processor. Creative faculty members like to tinker, but they should do it with standard software and infrastructure. A school can save money and support costs if it chooses popular, high-volume standard software. It should stay away from the exotic unless there is strong justification for experimenting with a new approach. Users will not accept this approach, however, unless the institutions provide good training, the latest software versions and good support. Consistent with this direction, the wise institutions will choose widely-accepted browser and server software.

Interconnectivity. The utility of a network is proportional to the square of the number of its interconnections. An organisation should eschew proprietary networks (even if the support staff praise their technical excellence) and choose to be connected to the world. Faculty, staff and learners will want access to global information sources, so Internet connectivity is a requirement in today's world. Universities without it risk isolation. On the other hand, universities that have the resources and inclination to experiment with leading-edge network applications may want to consider experimenting with Internet II, a high-speed research network.

5.6 *Summary and conclusions: approaches to getting there*

There is no single recipe to guide educators in the quest to apply technologies. We have seen that universities and other centres of learning are exploring a variety of different paths to their respective visions. However, from the experience of institutions in many countries, we can note several guidelines that planners may consider. There are also a number of good articles that summarise the experience of others; some of these are listed in the further reading at the end of this chapter.

The following checklist contains some of the factors that planners should consider:

1. Choose leaders and faculty members who are knowledgeable in the use of technology.
2. Establish appropriate partnerships with other similar organisations, businesses, and technology suppliers.
3. Establish a vision for the kind of institution that you want to be, setting sights on a 10–20 year horizon. For an excellent review of how a college and a university approached their technology planning, see R.A. Deteiler, *Mission: Ubiquity, Special Technology Issue,* Association of Governing Boards of Universities and Colleges, at http://WWW.agb.org/frames/pub.htm; and "Campus Profile: Cornell University", *Cause/Effect* vol. 19, no. 2, Summer 1996, pp. 28–31.

4. Include technology as one element of the vision. Technology must be consistent with the institution's values, vision and goals.
5. Develop a long-term framework and policy that focuses on helping the institution develop and learn how best to use technology. Keep it flexible.
6. Focus on the needs of learners, teachers and administration; in other words, all users. Think of how technology could help them meet their future objectives and goals.
7. Look at information technology as a tool or utility to help users and the institution meet their needs.
8. Be cognisant of major trends in technology, the education market and economic environment.
9. Choose standard technology that meets most people's needs most of the time. Stay away from exotic applications unless they support recognised research or meet specific, unique needs. Invest in technology and applications that have the most leverage on learning processes, for instance, word processing, E-mail, the Internet and spreadsheets.
10. Make sure that the institution and its library are connected to world academic and reference resources.
11. Make sure that budgets reflect the appropriate level of support for faculty, staff and learners.
12. Establish policies and facilities to assure that faculty, learners and staff have access to technology resources.
13. Benchmark the institution's plan and facilities against at least three similar institutions around world.
14. Wire all buildings with the appropriate optical fibre cable.
15. Choose networked rather than stand-alone solutions.
16. Establish an academic environment in which faculty and learners can use the information technology infrastructure to build new learning experiences.
17. Develop a reward system to recognise outstanding faculty, staff and learner contributions.
18. Establish communities of learning that include partner institutions, alumni, faculty, business leaders and so on.
19. Recognise that learning processes are constantly evolving. No single formula can tell an institution how to choose a "pedagogy". The university should be a learning organisation.
20. Measure your progress and reward good accomplishments.

Figure 5.3
Useful Sites to Find Guidelines for Technology Application

- Morris, Donald M. and Mark A. Olson, "Preparing for Virtual Commerce in Higher Learning", Cause/Effect, vol. 20, no. 1, Spring 1997, pp. 40–44; also at http://cause-www.colorado.edu/cause-effect/.
- Ehrmann, Stephen C., "Gauging the Educational Value of a College's Investments in Technology", Educom Review, XXVI: 3–4, Fall/Winter 1991, pp. 24–28; also at http://www.learner.org/content/ed/strat/eval/gauging.html.
- Green, Kenneth C., "Building a Campus Infostructure", Special Technology Issue, Association of Governing Boards of Universities and Colleges, 1995; also at http://www.agb.org/frames/pub.htm.
- Selleck, Catherine Y., "Big Picture Questions Produce Bottom-Line Answers", Special Technology Issue, Association of Governing Boards of Universities and Colleges, 1995; also at http://www.agb.org/frames/pub.htm.
- Technology in Teaching Initiatives in the UK, at http://www.ets.bris.ac.uk/etshome/htm.

Several experts have said that universities need to take a "leap of faith" to invest in educational technology, meaning, of course, that single, simple paths to increased productivity through new technology-mediated learning processes are not visible today. A new institution faces a choice: does it want to be an observer of the fast-moving technology scene, or a participant in the quest for new directions? If the latter alternative is chosen, leaders, by establishing a learning organisation, can explore a wide choice of paths, some of which need not be extraordinarily expensive. The keys are thoughtful leadership and clarity of vision.

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1. Ehrmann, Stephen C., *Asking the Right Questions, What does Research Tell Us About Technology and Higher Learning?*, Change, March/April 1995.
2. Lenzner, Robert and Stephen S. Johnson, *Seeing Things As They Really Are*, Forbes, March 10, 1997 (http://www.forbes.com/forbes/97/0310/5905122a.htm).
3. Massy, William F. and Robert Zemsky, *Using Information Technology to Enhance Academic Productivity*, Educom, Inter-university Communications Council, Inc., 1995 (http://www.educom.edu/).
4. The term "open and distance learning" is often used to describe the approach developed by the open universities. Strictly speaking, the term means that the programmes are open to all learners who meet minimum entrance requirements and further, that learners are physically distant from the source of their study materials. In other circles, ODL has come to mean the collection of systems, methods and techniques developed by the UK and other open universities. There is one distinction that should be drawn, however: ODL may or may not include the application of IT to its administrative, delivery, tutoring and learning processes. ODL can and does exist without computers. Similarly, there are many applications of IT in universities that contain few if any characteristics of ODL. For instance, one university in the Netherlands said recently that they had no intention of lowering their entrance standards by opening their courses to everyone. They intend to use IT to enhance learning for their traditional clientele. We note here that

extending the reach and access of education is only one of the several reasons for using technology. The term "open and distance learning" is often used to describe the application of telematics to education However, many institutions which practice neither "open" (where everyone has access) nor "distance" (where learners engage their materials at a distance) learning are prolific practitioners of technology.

5. http://web-server.NTU.edu/2/bulletin/page1.htm.
6. Russell, Thomas L. *The 'No Significant Difference' Phenomenon*, at http://tenb.mta.ca/phenom/phenom.html.
7. e-mail address: guy.bensUSAn@nau.edu.
8. Kulik, Chen-Lin C. and James A. Kulik, *Effectiveness of Computer-Based Instruction: An Updated Analysis*, Computers in Human Behavior, vol. 7, nos. 1-2, 1991, pp. 75-94.
9. Morris, Paul, Steve Ehrmann, Randi Goldsmith, Keven Howat and Vijay Kumar, *Valuable Viable Software in Education: Case Studies*, Hightstown, NJ, PRIMUS-McGraw-Hill, 1995. See also http://www.learner.org/content/ed/strat/eval/vvs.html.
10. http://www.insead.fr/calt/.
11. Ehrmann, Stephen C., *Asking The Right Questions, What Does Research Tell Us About Technology And Higher Learning?*, Change, March/April 1995.
12. Merola, Joseph S., *Using the Network as an Integral Part of the Curriculum: You Can Walk Before You Run*, Microsoft in Higher Education, Case Studies, June 1997 at http://www.microsoft.com/education/hed/news/.
13. http://www.insead.fr/calt/.
14. http://www.ecch.cranfield.ac.uk/.
15. http://www.darden.virginia.edu/.
16. http://www.Internetnews.com/96Nov/0105-nyu.html
17. Wheatley, Margaret, *Leadership and the New Science*, New York, Berrett Hoehler, 1994.
18. Green, Kenneth C. and Steven W. Gilbert, *Great Expectations: Content, Communications, Productivity and the Role of Information Technology in Higher Education*, Change, March/April 1995.

Chapter 6
Partnerships and Mutual Learning across Boundaries

Partnerships, mutual learning and networking across all kinds of boundaries are hot topics in the reshaping of management education and development. The nature and diversity of the new Europe offer many opportunities. More widely and importantly, however, co-operation and mutual learning have become fundamental prerequisites for the building up of the European Union and the whole of European economy and society. Historically, Europe has been fragmented and divided in many respects; and this can only be changed through mutual interest, respect, understanding, learning from each other and active collaboration.

This chapter provides readers with concrete illustrations of current and emerging partnerships and co-operation efforts in various contexts. It also proposes some practical hints on the actual organisation and support of co-operation.

6.1 Why do we need to cross boundaries?

The opening of boundaries is usually a great stimulator for the development of civilisation. This is true for management education, the role and mission of which are functions of its geopolitical and economic environment, its actual stage of development and its determination to change and to break barriers.

In the management education sector, boundaries are numerous. Some are very formal and explicit; these include country borders, organisational barriers, legal barriers or political barriers, such as the censorship exercised in the former command economy systems over contacts with Western institutions and the use of Western management experience. Boundaries are created by education and work experience in different disciplines and fields, such as engineering, economics, accounting, law, sociology or psychology. All of us have boundaries within our minds, and our strong preferences or reluctance to do certain things or work in a certain way and with certain organisations and people are their best reflection.

Very important, of course, are economic and cultural differences and boundaries between countries and groups. These are reflected in part in different perceptions and practices of management, different ways of doing business and different education systems. In the history of

management practice and management education, we have witnessed how Europe "imported" the American way of educating managers, based to a large extent on MBA studies and the case method. However, European institutions contributed a stronger link with business practice and enriched the portfolio of training methods, including a pronounced, though not fully implemented, emphasis on learning by action. Japan also imported American methods, focusing on productivity, quality and efficiency, but Japanese company management also drew heavily from Japanese national culture. To close the loop, both the USA and Europe quickly became interested in using recent Japanese management and production experience, which had played such a critical role in creating the highly successful Japanese economic model.

In the business and management sector, the "iron curtain" was indeed a powerful barrier, but economic and other exchanges between the two blocs had never come to a complete standstill and mutual influencing continued in many ways (which have yet to be researched and assessed from a historical perspective). Thanks to this, neither the Western institutions that started co-operating with their Eastern peers after the fall of the Berlin Wall, nor the Central and Eastern Europeans on the other side, met insurmountable difficulties when starting to work with the "other" Europeans.

Curiously enough, perhaps the most serious boundary facing management developers, frequently referred to in the preceding chapters, is that between the world of business practice on the one hand, and the academic and other professional organisations providing external education and training services to businesses on the other. This is the boundary between the providers and their clients, and the providers have not been able to erase it despite the basic truth that they cannot exist without clients. This is where most of our barrier-breaking and partnership-building efforts must be focused in management education and development.

There are also boundaries between institutions. Boundaries between individual providers such as business schools, training centres, consulting firms and others are quite complex and in each particular case are due to a combination of different factors, such as educational background, experience, competence, ambitions, personalities, intellectual arrogance, difficulties involved in running small organisations, jealousies, suspicions and so on. These too need to be crossed and the barriers overcome.

It should be stressed, however, that despite the existence of these differences and barriers, which cannot be overcome without determination, effort and even certain sacrifices, in European management education there has been a marked progress in partnerships, alliances and networking over the last 10–15 years. In most of the recent and notable developments in the European management sector, there have been significant elements of trust, respect, sharing and co-operation. This is encouraging. The driving forces are numerous, and it is as well to be aware of the main forces, since they may well concern many readers of this report and their own institutions. They include:

- the will to overcome the theory–practice or academia–business dichotomy, in order to enhance learning and practical impact;

- the desire to provide an international and multidisciplinary perspective required by the changing nature of European economies, multinational clients and other clients operating across borders;
- the recognition that smallness and operating in a niche may inhibit research, programme innovation and the use of modern education technologies;
- the desire to be part of a wider development endeavour and constantly share intellectual efforts and practical experience with others on a fair and equal basis.

It must also be recognised and clearly stated that partnerships and networks are condemned to failure if they are only started because they are seen as something fashionable and "good to do", owing to pressures exerted by some sponsor, or without giving enough thought to commitments and costs. Costs have to be compared with benefits, but looking for benefits without being willing to make any investment would not be a reasonable attitude.

6.2 *Developing learning partnerships*

There is no shortage of ideas on the development strategy that should be pursued by business schools, and little disagreement with the concept of learning partnerships as the way forward; the real challenge, as always in managing change, is the implementation.

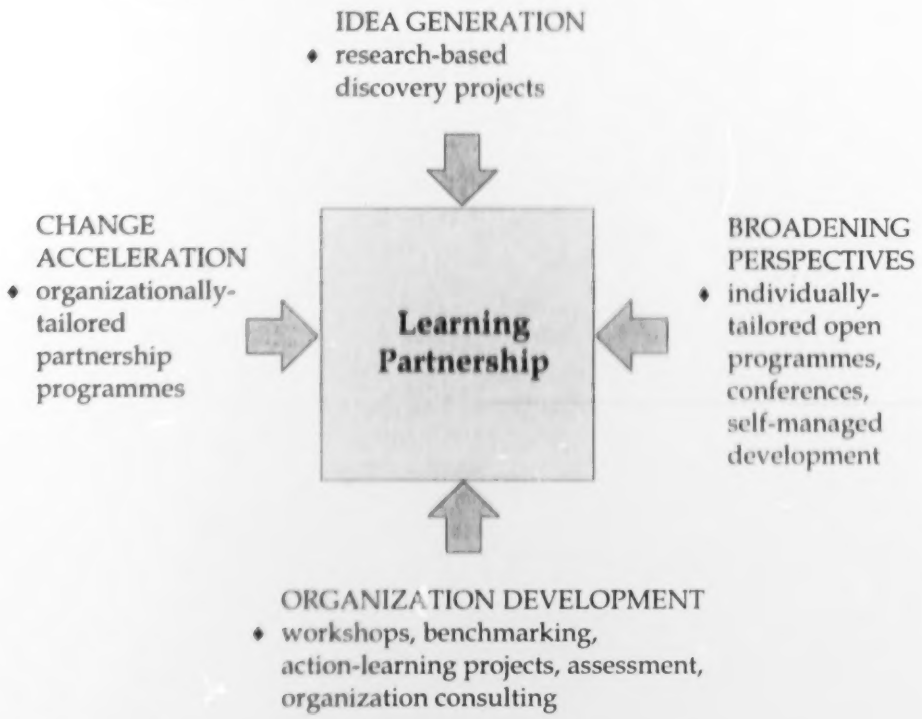
Business schools involved in executive education have increasingly built closer relationships with their corporate clients, using such strategies as tailored programmes, management consulting and sponsored research, while continuing to compete aggressively between themselves, especially in the process of winning long-term development contracts. Institutional collaboration, except at the relatively superficial levels of student and faculty exchanges, remains comparatively rare and, where it does occur, has often resulted from client encouragement rather than predetermined choice.

In contrast, co-operative strategies between competing firms have become widespread where it has been recognised that a go-it-alone approach is too risky or costly. Strategic alliances have become the norm for firms seeking to strengthen competitive positioning, combining their resources in either a relatively short-term approach to new product development or a longer term commitment to a full-blown joint venture. The literature on such alliances and partnerships is now extensive, identifying the range of motives for their formation, the phases involved in implementation and the obstacles that can influence success or failure.

The key findings of international research by McKinsey, Lorange and Pudney (the Ashridge Partnership Study) into best practice in the emerging world of alliances indicate that success is based upon equally strong partners with complementary strengths, working together to achieve not only a shared long-term vision but also some short-term objectives; and where exit arrangements, should they become necessary, have been agreed from the start. It is useful to apply

these insights in the context of business school–client partnerships, but the starting point is a closer examination of what a learning partnership really means (see Figure 6.1).

Figure 6.1
A Framework for Learning



Source: Lorange

The four main elements of such a partnership would involve:

1. *Idea generation:* the school and client working together on applied research into new ideas, tools and frameworks, which can then be incorporated into company-specific programmes designed to ensure their rapid implementation.

2. *Broadening perspectives:* providing individually-tailored open learning experiences for managers from diverse backgrounds to learn from their functional, industry and cultural differences and to stimulate their interest in further self-development.

3. *Change acceleration:* designing tailored programmes to equip managers from the same organisation with the insights and tools needed to implement major change initiatives.

4. *Organisation development:* enhancing the performance of the organisation through a range of development activities, including benchmarking, assessment tools and action-learning projects.

Through this approach, two sets of learning partners can be identified: the client and the management development provider working together, and the individual managers and their organisations developing a "learning contract" which promotes continuous, lifelong development. The potential for a third set of learning partners results from combining the expertise of two or more business schools to create a learning alliance of mutual benefit to the providers as well as their clients. Such experience is as yet limited, but the announcement in 1997 of a strategic alliance between the Arthur D. Little School of Management and Boston College in the USA is described as "the creation of a new model for management education...to take advantage of the outstanding resources of a corporate university and an academic business school", and certainly represents a move in this direction.

Partnerships will be more and more on the agenda, both between providers (suppliers) and users, and between providers and other providers. Let us look first at the relationship between providers of management education and individuals, for example, students in MBA and equivalent programmes and individual participants on executive programmes. Here, there is still a greater need to be truly *responsive* to individual learning *needs*.

- Time needs to be given to understanding the culture, background, experience and resultant learning needs of programme participants. Curricula need to be far more international and move away from an over-reliance on materials focused on the USA and a few European countries.

- Arguably, every participant in a programme of four or more weeks duration should go through the learning styles inventory (described in Chapter 2) or a similar model helping to assess learning styles. Then participants can be mixed and organised into groups according to their learning style.

- Programmes need to be designed to develop personally required *skills, values and competencies*, for developing the whole person, not just certain aspects of knowledge.

- Programmes need to be offered at the right *time* and in the right *place*.

Let us now turn briefly to the learning aspects of partnerships between the providers of management learning and companies and other organisations. Generally, client organisations are demanding:

- *A much greater emphasis on relevance*, embedding learning and outcome measurement. This implies both a practical focus and a clear understanding of the issues facing the client organisation. As well, it implies paying deep attention to evaluating and embedding learning outcomes so that they can be seen and measured. Mechanisms for achieving this presently

include evaluation processes that evaluate learning, content and the performance of the faculty, administered at the end of programmes and at distinct periods thereafter as well; 360 degree feedback and other individual performance measures carried out before and after programmes; and post-programme follow-up sessions and alumni gatherings.

- *More faculty and programme director time*, particularly on pre- and post- programme design and development and ongoing client relations. Ten days of programme development would be a minimum for many company-specific programmes today, particularly those at the senior management levels. Programmes needing a high degree of specificity often require many more days. It is critical in this regard that, at the outset of any relationship, clients and suppliers determine the degree of programme specificity required and whether it can be met through a low-cost structured package or only through a high degree of tailoring to the issues and challenges they face.

- *More than just programmes.* Some clients are pressing for a more holistic approach to management development than can be provided by management courses alone. Their desire is for one partner who can be the main contractor for a range of external needs including developing strategic frameworks for management development, designing and managing assessment/development centres, granting degrees for company-specific/consortia programmes and programme accreditation (important in all parts of Europe), creating competency frameworks, mentoring and coaching systems, designing action learning initiatives for teams or individuals, facilitating focused workshops, and managing physical and/or electronic networks.

- *Continuing friendship and trust.* Careful clients invest significant time in selecting their learning partners. To succeed over the longer term, the partner organisation must obtain the respect and trust of the client. This implies promising only what can be delivered, suggesting alternatives to their own institution when they do not have a particular capability, and making sure that the "chemistry" is right and that there is the motivation to give time and commitment to a long-term relationship. It also requires always responding quickly, being available, nurturing the relationship and delivering outstanding products and services.

However, partnerships in learning are not confined to providers and users. In response to demands to provide a range of capabilities, providers are increasingly forming alliances with one another. These include:

- *Alliances between similar institutions* that are designed to give the client access to a broader range of faculties or a more global reach. The innovative "International Masters Programme in Practising Management", masterminded by Henry Mintzberg, is an example. Its modular format delivers learning in Europe, North America, Japan and India. One of Harvard's first tailored programmes is offered jointly by the Harvard Business School, INSEAD and IESE (in Barcelona). The latter school is also partnering a range of leading business schools around the world in open executive programmes.

- *Alliances between institutions in Central and Eastern Europe* and in developing economies with business schools in the West. The Warsaw University of Technology's alliance with HEC School of Management (France), London Business School (London) and the Norwegian School of Economics and Business Administration (Bergen) is a successful example, as is that between the International Management Institute in St Petersburg with SDA Bocconi (Milano), ESADE (Barcelona), Henley (UK), Rotterdam School of Management and Group ESC in Lyons. In the emerging Asian economies, many alliances exist: that between the Asian Institute of Management and Harvard is one, that between the Indian Institute of Management in Bangalore and the University of Michigan another.

- *Alliances between complementary organisations.* If providers are to offer "more than just programmes", it follows that they will form alliances with complementary as well as similar organisations. Schools will link with consulting firms, consultants in one area with other consultants in another. In addition, business schools with a renowned educational focus will link with those with an action-learning focus, as London Business School is doing in its partnership with MiL for Volvo.

- *Alliances between organisations with a small core management team* who call upon a range of professionals from different organisations to deliver their programmes. The International Executive Development Centre in Slovenia has developed a strong reputation by attracting well-known management development professionals from the USA and Western Europe. Management Centre Europe in Brussels has prospered with an almost virtual faculty: Global Access Learning of Atlanta uses the term "virtual business school" in its promotional literature. It reports having used 60 professors from 25 institutions around the world to design and deliver programmes on six continents.

It may now be helpful to review some partnership models applied in various contexts in more detail.

6.2.1 *Learning partnership in practice: the ICL Millenium Programme*

This programme - originally described as an experiment in developing a new generation of leaders - emerged from a review with the ICL Board on the succession potential to managing director roles across the group world-wide. This highlighted the "supposed lack of potential successors" of the right calibre and the lack of developmental education and learning to support a rapidly emerging global business. This was in a company with aspirations of running a successful software/services business in competition with some of the best companies around the world, and creating customer partnerships with increasing numbers of blue-chip clients. The vision for this process was "to create an international network of ICL's leaders who had the energy, imagination and capability to take this business screaming into the Millennium". The philosophy was based around the need to move towards a world of 'ands' (not 'ors') and to develop the change management capabilities to cope with the inherent paradoxes and challenges.

The programme, which was launched in 1995, was sponsored by the Chief Executive, Keith Todd, and based on a partnership between ICL, Ashridge Management College, Aix-en-Provence Institut d'Administration des Entreprises and other leading business thinkers. The selected group of twenty participants begins the process in April each year with a residential module at Ashridge, with further residential sessions spread throughout the twelve-month programme involving visits to other countries (Poland, the Czech Republic and Finland to date) and Aix-en-Provence. This learning is then applied to a series of "hot" business issues within ICL, managed between modules by "action learning groups", while the participants return to Ashridge for the final module to review their progress with the Chief Executive in developing business leadership capabilities and plan for their future development.

The time commitment from each participant involves thirty days spread over twelve months, split evenly between residential modules and project work. Programme management and administration are the responsibility of a joint team of Ashridge and ICL staff, who provide the "partnership glue" between corporate sponsors, participants and the flexible involvement of a variety of internal and external faculty. Experience of the three groups since 1995 indicates a rapidly improving leadership capability, as well as a vibrant international network which has created numerous examples of business benefit.

6.2.2 *Learning partnership between companies: the Global Business Consortium*

The Global Business Consortium is an international programme for senior managers working in country or regional management roles requiring transnational capabilities, directed and facilitated by the faculty of London Business School. It brings together the world-class companies ABB, BT, LG, Lufthansa, SKF and Standard Chartered Bank in a consortium designed to grow their next generation of global business leaders.

The emphasis is on participants learning from each other and engaging in strategic benchmarking with other consortium members. Five international managers from each company work with the other participants in three one-week modules which span Asia Pacific, India and Europe. The company-focused approach brings energy to solving current business issues, while at the same time broadening global perspectives. The programme combines sound academic research and analytical tools with insights and inspiration from regional business and political figures. The key themes of the programme are creating global strategy, the regional perspective and the country platforms.

These core elements are enhanced by specially commissioned case studies on each participating company; "company perception exercises", in which participants from one company build a picture of a paired consortium partner; cross-company team work; competitive advantage task forces, in which each company team works on the implications of the learning for themselves; and a CEO forum, in which findings and recommendations are made to the CEOs of each participating company.

6.2.3 *Examples from co-operation of Polish and foreign institutions*

The "London Business School (LBS) export management programme", organised by the CISME centre, is a learning process supporting Central and Eastern European companies in exporting to Great Britain or other Western markets or in finding partners for co-operation in producing goods or in service. Pairs of executive MBA students spend one week in a chosen company learning about local potential and then prepare a marketing project for this company at LBS.

Mutual learning across borders by means of study visits organised by co-operating business schools can be quite effective. Seventy-two executive MBA students from LBS went to Poland for one week, to visit a spectrum of domestic and foreign businesses across various sectors. Divided into sub-groups of eight, they identified key contextual management issues in twenty-four companies and institutions in finance, telecommunications, computing, publishing, manufacturing, construction, petrol, retailing and the public sector. They looked at business opportunities and issues within a wider historical, political, economic, social and technological context. In Poland also, management programme providers working in French meet periodically with French companies at a conference, the "French-Polish Business-Academic Forum", to exchange their visions and conceptions of management education related to the Polish environment.

6.2.4 *Programme for International Managers in Europe (PRIME)*

PRIME is an innovative executive education concept addressing European international companies, aimed at training high-potential managers who are expected to be entrusted with broad international responsibilities. This programme is a joint venture by six leading business schools in Europe: Copenhagen Business School, Erasmus University in Rotterdam, ESADE in Barcelona, HEC School of Management at Jouy-en-Josas, the Scuola de Direzioni Aziendale, University Luigi Bocconi, Milan, and the WU in Vienna.

These schools belong to the CEMS, a network of twelve European management schools and over thirty international companies. The six institutions noted above decided to combine their know-how and experience in order to deliver an innovative five-week general management programme for international high flyers, in close partnership with their companies.

The force of PRIME and its differentiation lies in the teaching methods. The originality and uniqueness of the programme is represented by the combination of three main features: (1) a combination of international and local programme, tailored to European diversity; (2) the involvement of sponsor companies, ensuring the benefits of both open and in-company programmes; and (3) interactive teaching methods supported by team work, learning in different countries and companies, and benchmarking.

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6.3 *Learning across disciplines*

In today's world, there is a demand for more horizontal education. Engineering cannot exist without computer science. Neither can it exist without understanding its role in an economic and political environment and its implications for human behaviour, and without understanding how to manage people and processes. Management, on the other hand, cannot exist without understanding a systems approach and all supportive tools coming from new technologies and new ways of communication. That is why universities of technology are opening towards the human sciences, while more humanistic universities are beginning to emphasise computer and information technology so as to protect their students against technical and computer illiteracy, and "homelessness" in key domains.

The process is particularly strong at universities of technology in Central and Eastern Europe. The concept of a Euro-engineering with some 30 per cent of courses taken in other domains than engineering is making headway. Economics and management are the key alternate subjects.

Financial support coming from the EU through the Phare, Tacis and Tempus Programmes has been used to create networks of Western, Central and Eastern European academic institutions with the main task of preparing cadres and educational programmes for economic transformation. The standard MBA-type programme was immediately recognised by the young generation as a path to better job opportunities created by the transformation process. Analytical skills and the considerable maturity of engineering graduates with a Masters degree (after five years of intensive studies) constituted a particularly good ground for post-graduate studies in management.

MBAs with engineering and computer skills are "red hot". Stephen Baker and Gary McWilliams reported in *Business Week* in 1994 that at business schools from Wharton to Berkeley, a new kind of MBA is emerging[1]. By combining engineering, information technology and business management into one curriculum, some of America's top universities are producing "corporate triathletes", also called "Techno-MBAs". At present, these number only about 3,000 of the 75,000 MBAs who graduate each year, but corporate recruiters are gobbling them up at such a rate that business schools are rapidly adding computer and engineering courses to their core curriculum. "We're dissolving the boundaries between marketing and manufacturing", says James I. Cash, chairman of Harvard University's MBA program.

Business schools traditionally regarded engineering and business as separate disciplines. Now, they are bringing them together. Leading the movement are business schools at universities with an engineering bent, such as Massachusetts Institute of Technology, Purdue University, Carnegie Mellon University, Rensselaer Polytechnic Institute and Lehigh University. Many are mimicking big companies by putting students into the kind of cross-disciplinary teams that Chrysler Corporation used to develop its new Neon subcompact. At Chrysler, designers, engineers and plant managers work hand in hand with colleagues from finance, marketing and human resources. At Purdue's Krannert Graduate School of Management, students are put into similar multi-skill groups to work on case studies.

At the same time, business schools with high concentrations of engineers, such as Carnegie Mellon, are trying to give these students skills they will need to move from the lab to the corner office. The theory is that students with "soft" skills, such as communications, often rise to the top, while those with only "hard" technical skills stay in the lab. "Technologists suffer from stage fright", says Robert Sullivan, dean of Carnegie Mellon University's Graduate School of Industrial Administration, where two-thirds of the students have science and technical backgrounds. "We would like them to take a leadership position." To this end, CMU is enlisting its Fine Arts Department to teach a new course this semester: "business drama", a mixture of plays, comedy and improvisation.

At MIT, the Sloan School's Dean Glen L. Urban ultimately sees "a world-wide network connecting students in Singapore, Seoul and Washington". He imagines ten students from Boeing working with ten participants from Toshiba on complex systems design problems. In the same sector but different region, groups appear to be well suited for cross-regional and cross-cultural learning. Unified credit systems in leading internationally-oriented training organisations should help an easy cross-border exchange of groups. Team scholarships should be offered, instead of promoting best individuals only. The teacher should become a partner for managing and facilitating learning processes. Even more, teams of professors and practitioners should be equal partners.

6.4 *Learning from foreign investors and international companies*

Foreign investors and major international companies are an invaluable source of know-how and mutual learning across boundaries in any country. This role is particularly important in transforming economies.

Directing investment towards a not fully-known or changing environment is the best way of learning its features and the ways of dealing with them. Usually, investors come with strong determination to make a new investment a success. They are prepared to take quick and flexible decisions in order to overcome unexpected obstacles, and to adjust the management and work patterns brought from the company headquarters. They have to recruit local people, learn quickly about their skills and attitudes, transmit their own company know-how and skills and develop new approaches jointly as the project is advancing. For example, in car manufacturing the Toyota plant in USA and Honda in Great Britain gave the Japanese a good chance to learn better the American and European markets, the abilities of the local workforce and customer behaviour. For their local partners, this was a chance to learn a new manufacturing culture and a great incentive to reorganise operations so as to achieve high productivity, quality and fast and timely delivery.

6.4.1 *Car manufacturers in Poland*

FIAT and FSM Tychy in Poland, through long-term investment, reached such a stage of knowledge and competency in their Polish car factory that the Cinquecento car can now be produced entirely in Poland and sold all over Europe. Such examples are usually signals for new partners to enter the game with a determination to do even better. The South Korean firm Daewoo, for example, is now surpassing European and Japanese manufacturers in car sales in Poland. Having earlier purchased licences from General Motors for the Opel Cadet and Ascona, they improved these models (as the Nexia and Espero) in order to enter the Polish market more quickly than GM itself. GM's answer to the challenge was obvious and almost immediate; a large new investment by GM in Poland was announced and has now begun.

6.4.2 *Shell in Central and Eastern Europe*

Large international enterprises have always been a fountainhead of management knowledge. This is now particularly true in Central and Eastern Europe, as illustrated by the following account provided by Nick Brooks, General Director of Shell Polska.

One of the key challenges confronting multinational businesses entering the countries of Central and Eastern Europe relates to the need to rapidly enhance the competence levels of local staff and management and transfer best practice across the new organisations in the region, while at the same time attempting to achieve profitability in a wide variety of different market environments. Implicit in this statement is an assumption that most companies wish to localise key management positions as rapidly as possible as an end in itself, in order to operate a truly local business sensitive to local market conditions while benefiting from transnational standards and expertise. For Shell in Central and Eastern Europe, these issues are particularly relevant and timely. Shell has been present in the region for a long time: it entered most of its markets as early as the end of the last century. By 1996, Shell had companies in twelve Central and Eastern European countries and was involved in marketing activities in five more countries.

A review of Shell's organisation in 1996 led to the conclusion that setting up corporate organisations in every market in which the company wished to do business led to poor transfer of best practice and limited opportunities to manage the business on a transnational basis. Shell's desire to operate as close as possible to customers within its markets while taking decisions concerning overall strategic direction, target setting and resource allocation on a transnational basis, necessitated a significant change in management style, together with a strong push to alter staff development. These changes were not regarded as ends in themselves, but simply steps in a journey of continuous transformation in order to match Shell's organisation and corporate culture with its many and varied markets.

The organic growth of individual, largely self-supporting country-level "operating companies" had been the cornerstone of Shell's approach to business around the world for almost one hundred years. This model, which allowed largely independent local Shell companies to grow the business portfolio of the Shell Group within agreed guidelines and which ensured proximity to customers

and markets, has led to the Royal Dutch/Shell Group becoming one of the largest companies in the world. The 1990s thus far have been characterised by a growing regionalisation and globalisation on the part of many customers, and this trend has been matched by tremendous improvements in technology, enabling greater remote access to data, people and assets. The regionalisation of customers (for example, a car manufacturer may wish to purchase raw materials for all production plants around the world from one supplier, or an airline may wish to purchase fuel from one company in 100 different airports) has led to a need to set up processes within companies such as Shell to satisfy these requirements, and anticipate the next step in this trend. Inevitably, organisational redesign has had to follow such process changes, and this has been greatly enabled by technology, such as e-mail, remote access via GSM systems to networked information systems and video conferencing. Also, labour markets are increasingly transnational in nature, resulting in opportunities to consider recruitment from one country for assignments in a third country.

In Central and Eastern Europe, Shell recognised that while it had become a market leader across the region in most markets, its cost structure remained stubbornly high as a consequence of replicating both learning and organisational structures in every Central and Eastern European country. Furthermore, there seemed to be no way of breaking out of this cycle unless Shell radically changed its way of approaching the business. As a consequence, a major project was undertaken during 1996 which involved a large number of the 800 staff involved in oil products marketing in Central and Eastern Europe, which sought new ways of drawing together best practice, transferring and applying techniques which worked and avoiding techniques which did not work.

The organisational result of the project was to redraw reporting relationships within Central and Eastern Europe in order to force through changed thinking and work practices. A five-person "business team" has now taken responsibility for managing the oil products business across the seventeen countries of Central and Eastern Europe, with each director on the business team taking responsibility for a specific business across all seventeen countries. Teams have been appointed to support the activities of the business team across the countries, while corporate entities remain in place in each country, headed by a country general manager, who also "double-hats" as an individual who takes full executive responsibility for one business stream within the country.

The benefits of ensuring a focus occurs across countries at an individual business level are already being experienced through far faster transfer of good experience from one country to another. Initiatives which previously may have transferred from one European country to another in months or years now transfer within weeks. In addition, the critical mass which comes from representing a transnational business within the Shell Group results in the ability to call off a higher quantity and quality of resources from within the Group, and also allows investment by Shell's Central and Eastern European operating companies in technology and software which would have been difficult to justify for any individual company.

The organisation outlined above moves Shell towards the objective of being a "learning organisation". However, it was clear when Shell changed the traditional way of operating its businesses that a significant investment of time and effort would be needed to allow staff and young managers to operate in this new world. One consequence was the formation in the

Lubricants organisation of a transnational Sales Managers Excellence Academy, which was substantially different to traditional Shell training and development programmes. The Academy was set up to operate on a "virtual" basis through a fifteen-month period, with the national sales manager for each country passing though the Academy during this time. This represents a significant investment by Shell in management development, and a departure from earlier training approaches.

The Academy approach is to mix modules of formal team learning at various locations around Europe with implementing agreed action plans in between the formal modules. Each stage of this process is assessed through a combination of tests, continuous assessment and achievement of actual business targets. The faculty comprise a variety of Shell and external specialists and consultants, and learning is made as practical as possible. As a consequence, Shell is confident that if all sales managers graduate, there will then be fourteen fully-qualified sales managers who have acquired all the necessary skills and techniques to carry out their roles. In addition, they will have forged extremely strong links with sales managers from the other Central and Eastern European countries, which, both immediately and in the longer term, will pay off in terms of transfer of experience and best practice, and is thus an essential enabler in forging the new mindset in the organisation.

One significant difference between the Academy and other Shell training courses is that sales managers can fail the training. In the event that anyone does fail, effort is made to assist the individual in finding other opportunities within the Shell Group that are more suited to his or her skills. Another key element in forging transnational thinking in the new organisation has been the appointment of transnational project teams across a wide range of different business areas. These teams are currently working on a number of strategically important initiatives, which have the dual role of developing the staff within the teams and producing immediately implementable alterations to Shell's approach to business. The reduction in a well-known multinational phenomenon, "not invented here therefore not worth implementing", is already marked, with a willingness to understand and rapidly implement any new ideas from anywhere in Europe or elsewhere in the world. A necessary element of this process is greater staff mobility across countries in order to rapidly apply the experience gained. Shell already has more staff expatriated around the world than any other company, and this approach is now being rapidly extended to Central and Eastern Europe.

Finally, technological improvements allow learning to spread faster though the use of techniques and technologies such as regular conference calls (both telephone and video), e-mail bulletins and use of the Internet. Of course, these techniques require further investment in training and constant support to ensure proper use is made of them, but it is clear that staff, once familiar with the different approaches, embrace the techniques as an essential method of transferring learning at a far faster speed than was previously possible.

The objectives of the changes outlined above have been to produce a customer-focused organisation staffed by highly motivated professionals who are qualified to deal with almost anything the customer requires today, and who try to anticipate the trends in customer buying

which will allow Shell to satisfy the rapidly evolving requirements. Shell's strength has traditionally been its proximity to customers within national markets. The new approaches allow this strength to be retained and developed, while also putting Shell into a position to respond to the growing number of customers who wish either to buy transnationally or to deal with a company which can draw on transnational expertise and experience, to satisfy the ever-increasing service standards expected of companies such as Shell.

6.5 *Networks as channels for co-operation and learning*

Cooperation is a common action from which two or more partners wish to draw certain benefits. The potential benefits of co-operation are widely acknowledged and have been amply documented[2]. *Networking* is a fruit of our epoch of civilisation, and is based on information exchange. It does not necessarily lead to joint activity, although it can greatly facilitate the search for partners and ultimately turn into active collaboration among members of the network. Networks are essentially channels connecting individuals and institutions in ways that facilitate communication. Simply, networking means putting ideas and information into the channels and tapping the flow through these channels when it is useful or interesting to do so. Mechanisms for networking are abundant in management development, where associations have been set up at various levels.

Management development associations have proliferated in recent decades at all geographical levels. Within Europe, there are examples such as the British Association of Business Schools (ABS) and the Russian Association for Business Education (RABE) at the national level, the Central and East European Management Development Association (CEEMAN) at the sub-regional level, and the European Foundation for Management Development (EFMD) at the regional level.

6.5.1 *Effective networks: the EFMD story*

Networks are no doubt irreplaceable channels towards true partnership, mutual learning and sustainability. But, being by definition lightly structured and organised, they are fragile flowers in need of a lot of care, particularly needing mutual interest among members and constant activation. What are therefore the ingredients of effective networks? In the absence of theory, the best is to look at success stories. In Europe we are fortunate to have a leading and highly respected network with a long enough track record: the EFMD.

The main reason behind the continuing success of the EFMD has been its constant drive for innovation. The EFMD has never had an official mandate or formal mission such as accreditation or licensing. Its sole credo has been service to members. It has had to search permanently for new areas and approaches, bringing its constituents an added value that they could not get by themselves. The list of creative and forward-looking activities initiated by and implemented through members is impressive. It includes, for example, the European Societal Strategy Project and the Management in the Twenty-First Century Project, a joint venture with the AACSB.

Another key success factor in the EFMD story has been the partnership between representatives of the academic and business worlds, not always easy but extremely beneficial for all. Other major ingredients include members' ownership and commitment; an open-door approach (EFMD is a challenging forum, not a closed club); a distinct drive towards action and services; the willingness of members to adhere to the "give and take" attitude, a win-win philosophy; the recognition that networking is about people; and a clearly identified thrust achieved to a large extent by an early decision of the membership to offer the presidency of EFMD to visionary leaders from the world of business practice.

It will be interesting to see how the EFMD will face three forthcoming challenges: building a truly European network that fully integrates Central and Eastern European management development, broadening horizons and services beyond Europe, and coping with the ineluctable growth of "virtual" networks which emphasise the individual and informal dimension of networks rather than the institutional one.

6.5.2 *Effective networks: learning from mistakes*

Conversely, what are the deadly poisons for networks? Unfortunately, examples abound.

A frequent reason for failure is the identification of networks with one institution, or even one person, who takes the association as a hostage for power, personal image-building, income or survival. Equally harmful is the trend of many associations to compete with their members by providing the same sorts of services, owing to incapacity to identify common needs and generate services bringing an added value to all. A typical mistake consists in launching training programmes or information services which individual members often do much better. Of course, solving the delicate issue of co-operation versus competition is not easy; but breakthroughs always have a price.

Another risk lies in the natural inclination to try and do everything for everybody. As a consequence, the network expands too thin and too far and gradually loses substance and interest. Networks, like corporations, have to focus on their core business and their clients' (members') main common interests.

The most dangerous enemy for networks, however, is the absence of effective management. A network needs a competent and committed "networker". But it is hard to find efficient networkers, who must combine diplomacy, tolerance and open-mindedness with the hard entrepreneurial, organisational and financial skills required to sustain and develop a voluntary association. There is room for good training programmes on network management and experience exchange among networks.

6.6 *Cooperation: an integral part of institutional strategy*

In spite of their excellent role as sources of information and facilitators of contacts, however, networks have a limited role in the detail of actual co-operation among business schools, training centres and other institutions. Institutions must have the capability to use effectively these mechanisms and see and manage adequately their networking opportunities. Otherwise, networking will soon appear as a costly, time-consuming and superfluous exercise.

6.6.1 *Managing co-operation and networking*

There is not much literature on the subject, but one document deserves attention and can serve as a useful and practical tool. It was prepared a few years ago by Tom Lupton for the International Management Development Network (INTERMAN), under the title *Co-operation Among Management Development Institutions: Making it Happen*[3]. Its study is highly recommended to institutional leaders and managers willing to take full advantage of the potential of networking and reap the benefits of mutual collaboration. Lupton, a former Director of the Manchester Business School, underlines the fact that networks are not used as well as they might be for promoting fruitful collaboration. He examines the following main reasons:

- insufficient thought is given in individual institutions as to what kind of organisation they want to be, what they are planning to do for the future and why;
- institutions do not analyse carefully enough where to fit co-operation with other partners in their general development strategy and plans;
- within their general co-operation strategy, institutions do not assign priorities as strictly and as systematically as they should;
- institutions are not as good as they might be at organising themselves internally to gain the full benefits of continuous collaboration with others.

Later, this report describes systematic procedures to establish an order of action priorities for developing collaboration. The steps proposed fall roughly into three categories:

- the clarification of improvement categories and the setting of priorities for improvement;
- the search for information and ideas as to how improvements may be made and what the place of external collaboration should be in a plan for beneficial change;
- the adoption of a programme of implementation including the allocation of resources.

The questions "Who should be involved?" and "How should it be done?" are crucial to the success of the whole exercise. The aim is not just to have a mission, a strategy and tactical plans, but also to ensure that the staff of the institution are aware of what is proposed and committed to it. It is too tempting to have only a small group around the dean or director involved, but knowledge and expertise of what is involved in running a successful institution and of the issues that need to be

addressed is usually dispersed around the organisation. Therefore, to include the "constituencies of knowledge" in the process is not merely a concession to current fashion in management, but an absolute necessity if experience and ideas are not to be missed and if commitment is to be gained.

The method employed will therefore often include the following five steps:

1. assemble a group representing the constituencies of knowledge in the institution, a task for the dean or the director;
2. seek agreement on objectives;
3. assign priorities among the issues to be tackled as the basis of a plan for improvement;
4. assign responsibilities for the implementation of the plan;
5. communicate the outcome of the work of the "policy group" to employees who have not been involved in it.

Such an approach considers co-operation and networking as integral parts of the development strategy of every institution and of its plan to put strategy into effect. It makes it possible to determine priority issues and areas for co-operation, desirable partners and levels of collaboration, methods to be used and appropriate resources.

6.6.2 *Searching for innovation and best practice*

A valuable role of networks is their potential as identifiers and disseminators of management and management development innovation and best practice. This provides members – business schools and companies alike – with opportunities and substantive information for comparison, benchmarking and actual co-operation.

The search for best practice and benchmarking opportunities cannot of course be confined to Europe. It must espouse a global perspective. Along this line, an interesting case to be mentioned is the "Management Innovation Programme" of INTERMAN. This programme studied and worked with managers and organisations in four regions of the world, Africa, South Asia, Southeast Asia and Latin America. It aimed to identify the management competencies and structures that contribute to economic and organisational success in each local environment. The programme provided a practical means for identifying appropriate forms of management organisation and development processes which can, in their turn, form the basis of regional and national management education. Regional co-ordinators linked business schools and management centres in several countries of the four regions as they searched out local innovators. In two years of work, the project identified more than 400 cases of management and organisation innovation. Forty-six of these were then developed into detailed and complete case histories; an additional seventy-five case descriptions provide profiles, containing a synthesis of the key features for these organisations, and there are brief notes for a further thirty-two. All these materials appear in one directory.

Lessons of universal value can be drawn from this endeavour, and not only the fact that effective management is a powerful tool for generating social and economic progress and striving for sustainable development. As underlined by Henry Gomez and Carlos Davila, who participated in the management of the study, the "bubbling up and out" successes uncovered by the INTERMAN study stand in sharp contrast to the traditional and costly "trickle down" approach grounded in massive investment projects. In today's changing world, economic and social development tends to be generated faster when buttressed with participatory, beneficiary-oriented inputs. The study also shows the rich storehouse of management knowledge that can be drawn from a wide variety of organisations beyond the large, multidivisional industrial corporation. Large international enterprises, admittedly a major source of management innovation, have long served as the fountainhead of conventional management knowledge. But the study reveals that a wealth of unconventional management and organisational development practices is effectively employed by small and medium-sized profit-making firms, as well as by a variety of not-for-profit, non-governmental, public and hybrid public–private organisations that are usually not included in management accounts of best practice. Acceptance of the proposition that management knowledge can be drawn from such a wide variety of organisations serves to broaden the scope of management as we tend to view it at the present time[4].

All this has considerable implications for management schools in general, but is also of particular interest to transforming economies. Changing the curricula content is a mighty task. The comparatively small corps of highly-trained, full-time faculty available for this task is generally trained in the same mould as those at the business schools they seek to emulate. Faculty members of management schools in emerging economies are as hemmed in by the limitations of function-based knowledge bins as their counterparts in Western business school; and as likely to be enamoured of the latest management fads that capture world-wide attention as business schools elsewhere.

6.7 *Summary and conclusions*

From our review of trends and achievements in co-operation and learning across boundaries, collective memory, a few pointers emerge. Certainly these are not "commandments", which would contradict the philosophy of this report; rather, these are reflections for discussion and mutual learning among those involved in promoting management education in Europe.

- Change or perish. Enterprises have no alternative to change, but they are often at a loss in looking in isolation for appropriate solutions. These solutions can be best developed in partnership with management educators, consultants and fellow managers, in a spirit of mutual learning.
- Finding managerial responses to economic transformation and restructuring calls for action-research focusing on innovations and best practices. It also implies educational programmes focusing largely on the management of change, initiated and implemented jointly with clients.

These programmes will need to develop management capabilities and increase business results at the same time.

- New institutional partnerships will emerge to meet the above requirements. They will be partnerships for learning and implementing the results of learning.
- Of particular importance will be the calibre, the vision and the entrepreneurial drive of the educational leaders (directors, deans, programmes directors, faculty) entrusted with responsibility for the new institutions. The future of learning partnerships will be primarily in their hands.
- There exists a rich collective memory and expertise. However, this needs to be effectively tapped, evaluated and utilised with the support of professional networks.
- Information and communication technology can greatly facilitate network and partnership building and serve as an integrator between those involved in the learning processes.
- Partnerships and networks must be voluntary. Imposed and officially installed networks have little future.
- Sharing learning and experience with foreign experts is much needed, but conventional "one-way transfers" are less and less acceptable. Technical assistance should turn into mutual learning.

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Chapter 7
Measuring and Enhancing the Value-Added

7.1 What is value-added?

In European organisations, training expenditures were long considered as a mixture of reward, skill enhancement, personal development and social promotion. Depending on the financial health of the organisation and its status (private, public, non-profit, etc.) these expenditures were discretionary or not, incumbent or not on discussions with the unions, sometimes leading to officially recognised degrees and sometimes not, and sometimes supervised closely by top management or sometimes considered as something that everyone does but that is virtually irrelevant to the future of the company. Participation in training sessions was mostly regarded as "time off" paid by the company.

However, the money spent on training was in some cases as important as all the other investments made by the company. In these competitive times, and due also to the fact that human resources managers often come from other managerial backgrounds, budget considerations have become important, and with them as well the question of return on investment.

Roughly speaking, expenses in training are made up of three components: one-third of costs go to the salary of the participants, one-third to housing, accommodation and travel, and one-third to teaching costs. Very quickly, large companies decided that training had to be supplied the same way as other resources. The concept of "buyers of training services" came into the picture some 7-9 years ago. The task of these buyers was to identify and purchase training courses and other services at a lower cost, but supposedly for the same quality. In many cases, this meant replacing externally purchased courses with in-company programmes, structured and organised by the company itself but continuing to selectively use external speakers.

The current preoccupations tend to be different. They include the following:

- policy issues are dominant and fast implementation is given high priority;
- the time consumption as well as the time needed to get products and services to the market are critical;
- resources are allocated strategically, not only for finance but for all other resources, including human resources;

- collective movement and coherence makes a big difference in implementing project management and cross-functional missions;
- globalisation means diversity and working with many cultures, which requires balance in the form of a strong corporate culture;
- everyone must know enough about the company to be in a constant selling position, in a way that appeals to the customers;
- technology affects almost any demand, and can also be used to enhance many initiatives, including training programmes;
- with downsizing and re-engineering, many staff have been made redundant and managers no longer have spare time for longer training programmes;
- outsourcing expertise is high on the agenda of executives, while internal training is regarded as redundant – it is not in the core business, is generally expensive and is not always up to date;
- for training that continues to be viewed as important, company chairpersons, general managers and other important line managers are increasingly called upon to be the principal "faculty members" in company workshops and other training events for higher management.

Management development is no longer treated as "time off" without any expected impact on the company – one extreme – nor is it viewed as a panacea, a cure for all and everything where there is a problem – the other extreme. Less time, more pressure, more competition and less freedom in spending resources leave only a minimum discretion for mounting training events, and then they must be justified as effective, as something that "adds value" from the perspective of the company and the individual participants. Most managers today have read the principal management literature and get information on new techniques and concepts easily in various ways (including through the Internet), saving the time and money required to attending costly lectures. When managers go to conferences, it is mainly to network and meet people, not to listen to speeches.

Because of all these ongoing changes in management development, it is necessary to ask basic questions about the real need for management training, the way goals should be defined and their achievement measured and evaluated, and the clear commitment of top management to such activities. "Value-added" is then regarded as *distinct change* in the condition of an organisation, unit, individual manager or non-managerial worker, achieved as a result and consequence of a particular training and development effort or event.

But what sort of change? In what direction, and how important? The demand for tangible returns on investment in management development is increasing. The efforts are becoming more and more directed towards "the new", the capability to resolve critical strategic issues, to implement change and to improve company results.

Defining value is becoming issue-based rather than subject-based. Instead of "training in marketing", the purpose is rather "how to effectively enter market X"; instead of "mastering corporate strategy", the purpose is described as "how to develop and implement a global strategy

for small power plants", and so on. Strategic management is evolving from "strategy formulation" through "strategy and implementation" to "implementation of change". This development requires clearly set, measurable goals which reflect the context of the specific situation, the strategic priorities, the improvement areas and the need for change.

A management development programme should not be designed unless there is clarity and agreement at the top of the company on the key strategic objectives, critical issues and improvement goals. This requires HRD managers and other providers who are able to build the foundations for management development with top and line management. Defining the value-added of the management development efforts before the start of a programme is now becoming a natural and necessary part of the initiation and design of such programmes.

For example, a management development programme may "support the growth of company activities in Eastern Europe [countries can be specified], develop cultural sensitivity and enhance the capability to implement change". This overall purpose might be directly linked to a company's key strategic objectives. However, the purpose could even be more specific, for example, "to develop the capability to deliver large, complex systems on time and significantly improve profit margins and customer satisfaction". The requirements on personnel or HRM and HRD professionals are drastically modified; in other words, the task must include the capability to create the foundation for the programme to ensure value-added. A human resource manager or specialist who is not close to the business issues and does not work closely with top and line management simply cannot create value-added. If this is the case, it may be better to postpone investments in management development to a better time.

7.2 *Can we measure value-added?*

In order to be a meaningful concept and not just a vague desire, value-added must be defined in practical and measurable terms used in business. However, a warning must be added against simplistic views of value-added. The conception of value has its subjective and qualitative side, and it is not always possible to measure what the client or user regards as "valuable" from his or her perspective. For example, increasing a person´s employability is clearly value-added, as it is a response to current economic and social concerns in many countries and companies. But how can it be measured? Can broadened and updated competencies and skills be used to measure enhanced employability? And does enhanced employability have the same inherent value-added in different economic, social and organisational contexts? An excessively short-term perception of value-added can be equally deceptive, if it is applied in order to obtain and demonstrate immediate results while ignoring or purposely playing down longer-term considerations.

To give an example of common current practice of reporting on training results, let us look at the 1996 annual report the Russian Ministry of Transport. According to the report, 4,000 people graduated from the higher educational institutions of the ministry. The figure for middle-level specialists is 11,000. The teaching and research activities are performed by 5,900 teachers/trainers.

142,000 people were trained in educational institutions involved in the training and retraining of business executives and specialists. 38,000 top and senior managers of the Russian transport and road complex were trained through the sector system of retraining and professional development. Over 50 ministry officials were trained for increasing the expertise and qualification of managers and specialists of the central administration[1]. The report finishes on an optimistic note. However, there is no evidence in the report that the planners and organisers of this massive training effort have given any thought to its cost-effectiveness, real impact on the operation of the enterprises falling in the ministry's jurisdiction and the ministry itself, or, of course, "value-added".

In current management practice, return on investment (ROI) is used as an important measure of a company's performance. Methodologically, investments in management and training are calculated in the same way as investments in production and other assets. In today's pragmatic world, where life itself makes one constantly evaluate costs and work toward maximising the effective use of resources, this approach to investments in management development seems justified. At the same time, quite a few practical rather than theoretical problems arise.

We have seen already that several stakeholder groups with different interests are involved in the process, including company owners, top management, other managers, employees and – often overlooked – society. Hence, the views on the effectiveness of management development activities may vary considerably, as is shown in the following example.

Some ten years ago, the management of one of the Soviet Union's leading engineering companies, the Nevskiy Mashinostroyitelniy Zavod, invested large amounts of hard currency in the retraining of an important number of their managers abroad. After ten years, less than 3 per cent of the retrained staff still works with the enterprise. The company's manager responsible for the decision to make a large investment in management development views the effectiveness of his decision as follows: "Those who have left our enterprise and are now working for our domestic competitors contribute to the development of national engineering industry anyway. Those who have set up their own businesses or went to other branches of Russian economy contribute to the development of national industry. A few of those who were lucky enough to find employment with Western companies (some with ABB joint ventures) in the final analysis contribute to the development of world economy, which is not so bad, either." One may suspect this manager of trying to somewhat craftily alleviate the consequences of his costly decision. But if we take "a helicopter view", so popular in executive circles, and examine investments in terms of the society rather than taking a specific case of an enterprise, it is quite conceivable that "value-added" in this case has benefited mainly the society at large.

According to normal accounting principles, management development is a cost. Therefore, it is only natural to cut management development programmes when costs need to be reduced. As management development is costly, the immediate short-term effect on the bottom line is obvious. Furthermore, if there is no visible or tangible effect from management development on the bottom line and the capabilities to manage, if management development is eliminated or reduced, the "damage" to the company is small.

In order to position management development and to demonstrate the real value-added to the company, the following are required:

- each management development programme must be based on critical strategic issues and development needs;
- each programme must have clearly defined goals directly linked to the strategic objectives;
- improvement projects must be defined and measurable goals must be set;
- return on investment must be calculated, judged and reported for each management development effort;
- the ROI should be specified for the individual (personal learning and its application), the business unit or sector the participant is coming from (bottom line) and the company (overall financial impact, new values, culture).

Top management, the management developers and the participants must be in agreement on the objectives, the evaluation and measurement, and on how to calculate or judge return on investment. This is the foundation for creating value-added in management development and ensuring that management development makes a vital contribution to the company's development in times of growth as well as in times of austerity.

The measurement of ROI should be made some time after the programme completion. For example, in ABB the ROI is measured eighteen months after the start of a twelve-month programme.

Quantitative (hard) measures, such as improvements in orders received, IBT, cost, time and so on, are relatively easy to apply. However, there is always the question of how much the programme really contributed to the improvements made. The answer is that it does not matter if the objectives have been agreed and if clear and measurable improvements projects have been set and implemented. The important thing is that improvements have really been made. In ABB, for example, both the participant and his or her coach receive the ROI calculations and have to declare whether the programme has paid off. In addition, if other factors have affected the ROI, then this will be stated. For example, if an increase in income before tax over eighteen months was 2 MECU and other activities counted for 1 million, the remaining 1 million is the direct return from the management development programme.

Qualitative (soft) factors are difficult to measure, and are therefore also difficult to include in ROI calculations. But there are many cases in which the participant has made a thorough analysis in order to arrive at an accurate ROI calculation. In a particular case, one key objective was "to enhance the efficiency of the management team through improved cooperation and issue resolution". The IBT increase over eighteen months was 5 million ECU. The participant stated: "If only 10 per cent of this gain was to be attributed to the programme, the benefit was 500,000 ECU. With a total cost over 18 months of 55,000 ECU, the return was significantly higher than in regular investments."

This reasoning is crucial also from an "intellectual capital" or "knowledge capital" point of view, as knowledge is becoming a critical success factor and a key element in any company's total assets. The translation of qualitative (soft) measures into hard measures is, however, not sufficient. We need to more clearly define and communicate "qualitative return" or value-added, such as "learning gained":

- "I gained deep insight into cultural differences, which is helping me to be more efficient in managing across borders."
- "The structured way of managing change, as applied in the project process, has improved my efficiency in implementation of change."
- "The learning gained from other colleagues, specifically on innovation in production methods, has helped me to improve the factory output."
- "Customer satisfaction has increased dramatically."

This is different from feedback obtained through the so called "happiness sheets", where participants grade whether they liked the programme contents, the method used and the teacher/trainer, without showing what really has changed or will change in their work.

A total assessment of ROI would then include:

1. Total benefits compared to total costs (selected for the given programme);
2. Qualitative measures and statements;
3. A judgement from the participants (and coach/sponsor/top management) as to whether the programme has paid off.

The crucial thing is to get started. Whether a programme is initiated in the company or in an institution, the mere fact that there is an agreement on measuring objectives, improvement and learning goals and ROI will make a tremendous difference in the development and clarification of value-added.

The danger lies in the current dialogue that goes on in the HRD community. The focus is far too much on reasons *not* to measure ROI and the difficulties of measuring it accurately. However, the time has come to apply the dictum "what gets measured, gets done" to management development. To put it more dramatically, if the HRD community is not willing to clarify value-added and ROI, then it may be better to stop management development activities and relocate investments to more valuable areas.

7.3 *Some problems inherent in measuring ROI and value-added in management development*

If the return on investment in a worker's professional development is calculated in real terms, it appears that the higher the employee's position and the sophistication of his or her responsibilities, the less reliable ROI is as an indicator of real results achieved. Below is an example which seems to prove that a firm's "human" approach to investments in personnel development can often contribute to an even higher added value than could have anticipated.

A business school established in 1989 perceived the need to make solid investments in teacher training. Having found, not without difficulty, the required $20,000, the director sent Vladimir, a 30-year-old teacher of marketing, to a two-year MBA programme at one of the best European universities. On completing his studies, Vladimir preferred the career of a manager with Glaxo to being a business school professor. Perhaps there is no need to recount his colleagues' comments about the "effectiveness" of the investment made. However, years passed and in 1996, Vladimir rejoined his former employer as a part-time teacher of marketing on the MBA programme. He has since been rated as one of the best teachers in this field.

If we take into consideration wider social interests in HRD, the problem of assessment becomes more complex. Professor V. Shemetov presents the analysis of ROI in professional development courses for the unemployed population in terms of their employment prospects, their incomes and their career prospects[2]. Presenting the results of the research into the effectiveness of Western retraining programmes for the unemployed, he raises doubts as to the effectiveness of these programmes in Germany and the Netherlands. In Russia, although a federal programme for the period 1996–98 has been elaborated where the requirements for training the unemployed are prescribed taking into account all the calculations, Shemetov questions the effectiveness of the employment agency's performance based on these data. In particular, the assumed decrease in the number of the unemployed once they had received training would not mean a rise or fall in the effectiveness of professional training, as employment after training does not necessarily result from that training. When designing the above mentioned federal programme, its authors apparently did not give enough thought to the return on the taxpayers' money invested.

Sometimes, however, attempts to calculate and raise ROI in professional development result in unexpected rise in economic costs due to primitive approaches to calculations. Calculating ROI on a cost-benefit basis, many new entrepreneurs try to raise ROI at the expense of minimising costs. This is rather typical for countries with transforming economies. The following example shows what such an approach may produce.

In St Petersburg in May 1992, Vladimir Petrov and Valery Smirnov decided to establish a private company specialising in computer software for agriculture. Being highly qualified programmers, the two friends quite quickly developed several original products which were in demand thanks to low prices and user friendliness. Their company, named Saturn, was promptly registered and ready to start developing its business. However, the partners overlooked the fact that apart from an attractive product they needed an accountant. After considering various possibilities the

partners found, as they thought, an optimal solution. In their opinion, the small volume of the business did not really justify an accounting department. They thought they needed a reliable but not necessarily well-qualified and well-paid accountant, so they decided to recruit Masha, Valery's wife, who had a higher liberal arts education and was previously unemployed. The partners understood that they could not do without investing in her training; accordingly, they spent a total of $35 for a two-week course for accountants, and the Saturn company then had a "certified" accountant. The company's owners expected a high return on their minimal investment in management development. Instead, the first tax audit of the company's books in April 1993 led to the blocking of Saturn's accounts.

Realising the need to measure and, subsequently, to raise the effectiveness of programmes through which company employees were trained, companies seek the assistance of professional consultants, programme providers and personnel managers. Taking into account the continuously growing urgency of the problem of effective expenditure of resources as well as relevant experience, different organisations choose different ways of solving this problem.

However, as we shall see below, even progressive companies are faced with certain problems when identifying their managers' training needs, particularly in establishing effectiveness criteria. Consultants and business school experts may provide a useful service at this stage by suggesting the criteria to be considered and making the managers aware of the pitfalls of superficial and biased assessments. Unfortunately, the active involvement in this work of professors, however highly qualified, who teach only a limited number of management subjects has in many cases discredited the very idea of engaging educational institutions.

Being one of the most progressively oriented companies in Russia in terms of its commitment to new methods of management, the St Petersburg Long Distance and International Telephone company has for the past several years radically changed its attitude toward handling personnel and management development. Unusually for a Russian enterprise, it set up a powerful personnel service and allocated impressive resources to ensure the work of the new department. Professors of economics from several leading universities were invited to act as outside consultants by helping the company to draw up its management development programme. After a year's time, when the company's board of directors asked about the returns on these quite important investments in management development, they received only some statistics on managers from different departments who had attended different programmes at national and overseas institutions. No clear replies were given to questions such as how the candidates for training or their training programmes had been selected. After a much more careful selection, the company invited a specialist from a leading business school, who was very familiar with the capabilities and potential of national and foreign institutions, as an outside consultant on management development. Having received wide access to information and closely studied the situation, the consultant began to strongly influence the company's long-term and operational management development planning, the establishment of its effectiveness criteria, and the choice of training programmes and schools for each concrete case. In December 1996, in a special management development meeting of the board of directors, the personnel service's performance was quite highly praised, with the

basis for the expediency of management development expenses for each concrete case being especially noted.

Quite a few leading companies, appreciating the advantages of collaboration with business schools, are already setting up joint management centres. In these partnerships, firms can more accurately determine and formulate their needs, whereas the schools can better understand these needs and adjust their training programmes to suit their clients.

Otis Elevator has for the past several years been dealing with the training of managers in its companies located in the former Soviet Union in a traditional way. Managers of a certain level were trained on standard programmes offered by the company and held at various places. The analysis of the effectiveness of such training, performed by the company's headquarters, forced Otis to look for better ways. Following a close study of different alternatives in St Petersburg, a decision was taken to set up an Otis Management Development Centre (OMDC) as a joint venture with the International Management Institute of St Petersburg (IMISP).The Centre's main objectives are, first of all, to work in a partnership towards establishing the specific needs of particular companies in terms of management development, and only then to develop and deliver specific training programmes. At this stage, special attention is paid to establishing effectiveness criteria which would enable the centre, upon completing a programme, to know how effectively the firm's resources are being used.

7.4 *Does total quality management offer any lessons?*

Heated debates about the necessity or otherwise of permanent and extensive management development can often be heard. Attempts are being made to cost this item in company budgets. But what, in fact, is implied by management development? Obviously, the answer to this question will vary with different organisations, such as manufacturing companies, public sector organisations or business education institutions. Similarly, the concept can be interpreted differently by managers from different economic environments, such as in developed economies or in developing economies which only recently became market oriented. What kind of management do we mean exactly when speaking about its development: top-ranking managers, line managers or the system of company management as a whole? Despite numerous publications, a common understanding of the management development concept has yet to be achieved.

However, a more systematic and comprehensive view seems to be emerging thanks to work undertaken in the field of quality management. Perhaps the answers should be sought in the three magic letters, "TQM". Total quality management has been described as "the system of activities directed at achieving delighted customers, empowered employees, higher revenues, and lower costs"[3]. Is this not the goal of any organisation and each of its employees? Is this not the way to define the value-added by management and staff development efforts?

Inspiration can be found in the diagram shown in Figure 7.1. Furthermore, it is useful to look at the descriptions of concerns and responsibilities at various levels within a company, provided by Juran and Gryna in *Quality Planning and Analysis: From Product Development through Use*:

1. "Of all the ingredients for successfully achieving quality superiority, one stands out above all: active leadership by upper management." Certain roles can be identified:
   - establishing and serving on a quality council
   - establishing quality policies
   - establishing and deploying quality goals
   - providing resources
   - providing problem-oriented training
   - serving on upper management quality improvement teams which address chronic problems of an upper management nature
   - stimulating improvement
   - providing for reward and recognition
2. "Middle managers, supervisors, professional specialists, and the work force are the people who execute the quality strategy developed by upper management." Their roles include:
   - nominating quality problems for solution
   - serving as leaders of various types of quality teams
   - serving as members of quality teams
   - serving on task forces to assist the quality council in developing elements of the quality strategy
   - leading quality activities within their own area by demonstrating a personal commitment and encouraging their employees
   - identifying customers and suppliers and meeting with them to discover and address their needs
3. "Quality goals cannot be achieved unless we use the hands and the heads of the work force." The latter's role could include:
   - nominating quality problems for solution
   - serving as members of various types of quality teams
   - identifying elements of their own jobs that do not meet the three criteria of self-control
   - becoming knowledgeable about the needs of customers

In view of all this, one can ask if the analysis of the problems concerning ROI in human resource development in terms of TQM would indicate the ways and stages of the solution to these problems.

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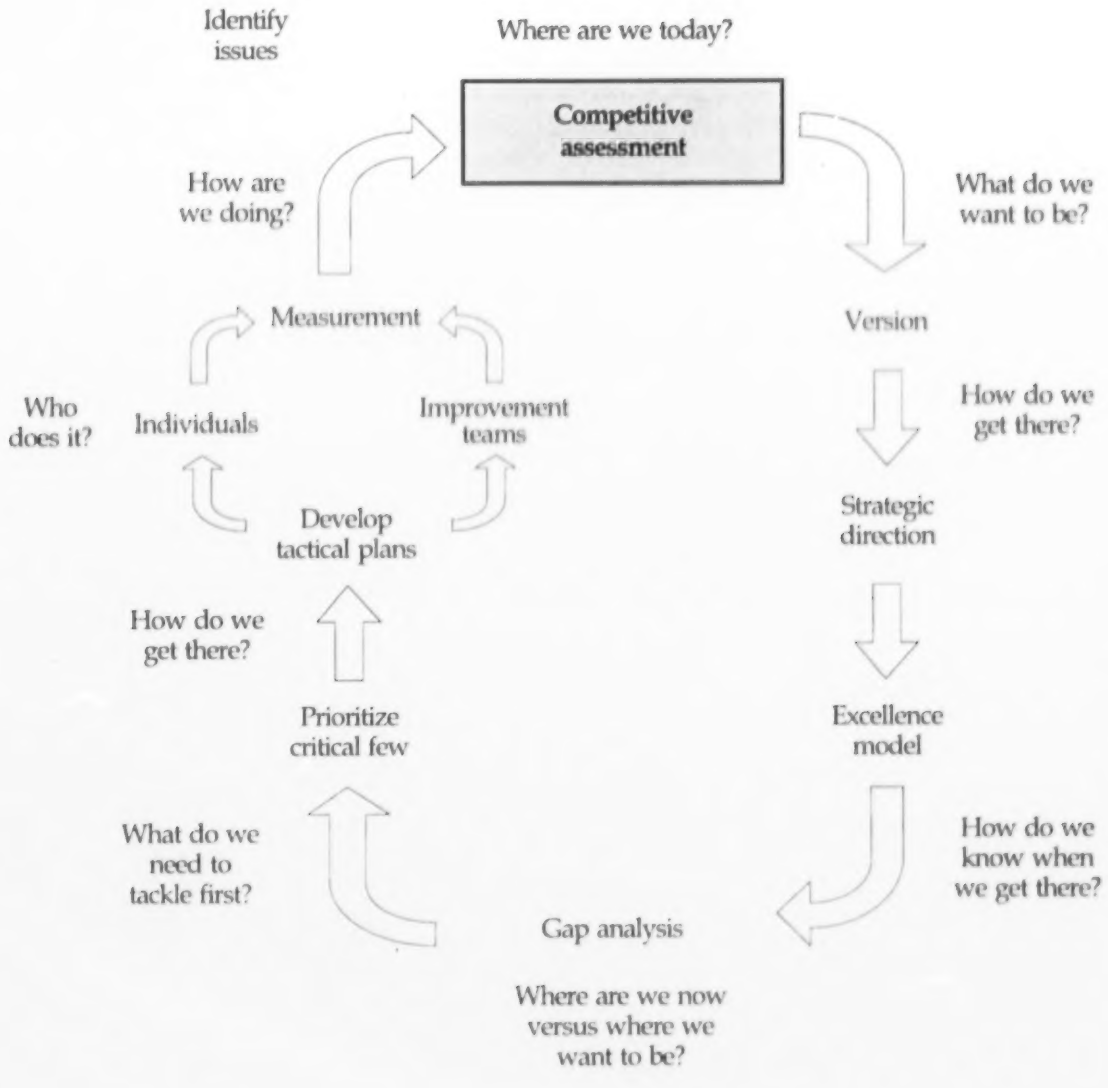
Figure 7.1
Annual Goal-Setting Process



Source: Perry (1989)

7.5 *The contribution of project-based management development*

Project-based management development is another approach that helps to define and pursue value-added. This is best achieved by observing the following principles:

1. The design phase is critical. Designing an external training programme of rather general nature, or even an in-company course, is total different from designing a management development *process* that leads to substantial learning and results.
2. The vehicles for achieving results and learning are real business improvement projects, which are directly related to the company's strategic objectives and contribute to the resolution of critical issues.
3. A project could be, "to develop the service market in country X", "to shorten the throughput time in factory Y", or "to develop top management team efficiency" (a "CEO project").
4. The project process, from initiation to results, is a critical element in the management development process. Thus, competence in the design, implementation and monitoring of a project process is fundamental to the provision of value-added. The task of identifying projects and participants, of positioning them in the context of a company's strategic objectives and integrating them in a management development process, is a fundamental task of the person responsible for human resource development (see Chapter 3 for more detail).
5. The management development task becomes a *project management task*. It includes the ability to involve top and line management in the project identification and progress review processes, and judge the results (ROI) and learning gained.
6. There are two evident success factors in ensuring value-added:
   - an HRD manager's capability to respond to critical business issues, to engage top and line management and to manage the management development process;
   - an ability to design and monitor the improvement project process and mobilise resources and expertise to coach, advise and support the participants in achieving their project goals.

These two tasks demonstrate that the job of the management development function in many companies must develop from mere course administration to an effective business service and partnership with line management, therefore adding value to the corporation, the "bottom line" and the individual.

7.6 *Some lessons for business schools and other providers*

Business schools, understanding the necessity of meeting the specific needs of companies, are also looking for better ways of meeting customer requirements and enhancing the effectiveness of investments in management development. In practical terms, many schools encourage the participation of their professors in consulting activities, appoint people to be in charge of work with companies, and even set up special departments dealing with corporate clients.

It is apparent that business schools and other external providers will be judged and chosen more and more by their ability to define what value-added means in specific company terms, and to deliver relevant programmes in close collaboration with company management and the human resource function. However, to meet these requirements, business schools will have to:

1. ensure constant feedback from real business;
2. use real business representatives in the development and implementation of each training programme;
3. ensure the participation of the faculty in solving practical problems of real business;
4. boost the effectiveness of the educational process *per se* alongside the apparent need to reduce the length of programmes and achieve maximum adaptation to a particular audience.

It would appear that only a few business schools, not only in the countries of Central and Eastern Europe but also in the more stabilised economies of the Western world, meet these requirements. This is why most of them can view the above mentioned criteria as "top priority tasks".

Getting the proper answer to such delicate questions could be greatly facilitated by better goal setting along with the main actors in the client companies. Identifying the main corporate issues, the specific company processes, markets, clients, needs for change, technologies, talking with stakeholders and writing down a set of measurable objectives for the training should be the initial step. It can take time, but "there are no good winds for the sailor who does not know where he is going" (Seneca).

Before asking for ROI, companies now ask for relevancy and added value. The image of the delivering institution or experts is important, but this is not enough. The following considerations must then be taken into account.

1. Training must be focused on implementing the company's strategy and on responding to changing market needs. In implementing the strategy and implementing change, consistency with all other decisions is needed to improve overall performance. In many cases, the results of training programmes must be seen on the income statement.
2. The "troops" must be mobilised. Training sessions must reinforce the way people work together. Diversity of origins, environments, jobs, missions and technologies makes a company look like a kaleidoscope. Few people have a complete understanding of what is happening where, and what is the final destination. Training sessions can bring understanding

of complexity, and thus reinforce the feeling of belonging, enthusiasm and creativity, loyalty as well as consensus and quality. Another feature of such programmes can be transparency, which can reinforce collective trust. The reward system must take into account the efforts made through the different levels of the company to encourage and promote training. This can also bring the executives to think in terms of skills needed and skill development.

3. A turbulent environment must be well perceived and understood. When the "captain is speaking", he or she can explain best what is happening and what is to be done. Not everything is pleasant. The competition gets rough, products become obsolete, strikes occur, machinery breaks down, profits can drop, top people can leave, deals can be lost, clients can be pressing, schedules are hard to meet, changes come not always in the best sequence, and re-routing is often an alternative to getting to the same final destination. If everything was going well all the time, companies would not need managers, or highly paid CEOs. Knowing what is happening through training improves the adaptation process, reactivity and flexibility and can also foster cross-border relationships, a key feature of global management development programmes.

4. Skills must be identified and competencies developed. Knowing what skills are needed (or redundant) for the future at company and individual levels, and letting each employee know where he or she stands, gives clear-cut objectives for each training session that can be measured afterwards. From the present map of strategic expertise in a company its future market position can be deduced. This gives employees a better understanding of their own market value and employability.

5. Education must be viewed as an investment. Companies as well as employees do invest in training Both must clearly see the value-added. When designing sessions, even if it is difficult to measure the ROI, the process of short, middle and long-term evaluation must not be omitted. However, the mission of business companies is not to substitute the role of the public education system. Companies have to focus on their own objectives and missions, which are not - at least in Europe - solely financial or economic.

6. Training must be ethical and take societal values into account. It is important to respect people and facilitate personal development and empowerment. As in many European countries, unemployment is one of the key issues. Companies as well as institutions are concerned with the factors and decisions affecting qualifications and job creation or protection. Training is one of these issues.

7. The process of training must be redefined from the value-added perspective. We have seen in previous chapters that management development is moving from training or teaching to learning, exchanging experiences and know-how, benchmarking, networking, and focusing more on the process side than on the content side. Value no longer comes from content alone; it comes from the balance and coherence between content and process. Too much content inhibits the process, and too much process kills the creativity and entrepreneurial spirit. But above all, management development must be focused on issues and opportunities rather than

on content, and must become itself a project or series of projects managed as such. Project management should become a significant issue of management development programmes. Asking participants how much and what they have learned in such a project is a way of measuring value-added.

However, the nature of value-added can change over time, as the environment changes and objectives pursued by companies move. What is value-added today may be irrelevant tomorrow. No force can change this course of events.

7.7 *Summary and conclusions*

Determining and evaluating added value and ROI for management development have become real and difficult issues that must be tackled. Nevertheless, some tentative conclusions can be drawn from this and previous chapters.

- The design of management development programmes should be based on clear definitions of the practical needs of real clients (organisations and participants).
- Added value and ROI may vary with different participants or clients depending on their individual and organisational objectives.
- Ideally these objectives should be combined in terms of satisfaction:

  For owners, CEOs and entrepreneurs:

  - increasing performance, effectiveness and profits
  - increasing overall competitive advantage
  - developing the market share and the assets of the company

  For top and general management:

  - improving company management and performance, implementing change and new projects
  - improving teamwork and process
  - developing new means to reach corporate goals

  For individual managers:

  - new career prospects
  - new possibilities for improving performances in their sector
  - new ways of implementing tasks
  - gaining more customers and more customer satisfaction

For other enterprise employees:

- improving the quality of the work environment
- enhanced involvement in decision making
- more effective use of individual potential
- better work satisfaction

For society:

- positive contribution to a country's economic health
- increased contribution to public finance
- new ways of solving social, regional and other problems

For the reforming European economies:

- the creation of a new profession and social group of managers
- necessary support to economic reforms at the micro-level
- creation of a competent and solid private sector base

- It is impossible to determine real ROI in management development without specific criteria for each programme with specific goals.
- TQM may provide a new approach to understanding the importance of evaluating the cost effectiveness of human resource development.
- Only those business schools and other external providers that will be able to address specific requirements of real business in real terms will also be able to participate in the process of creating value through development.
- A real *human assets accounting system* has to be designed and applied to improve the metrics of education and training.

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Chapter 8
From Vision to Action

This final chapter has been conceived as a set of suggestions and guidelines for improving management development in practice. It assumes that the reader is familiar with the previous chapters. The chapter provides ideas for action that may be of interest to any manager and management development professional. These ideas should, however, be of particular interest *to policy and decision makers* in various sectors and organisations: the people *who want and are able to make things happen*. But where to start? What approach can be recommended? What pitfalls should be avoided?

8.1 Knowing yourself

We often start from wrong assumptions, without taking enough trouble to understand who we really are. Therefore the best and most solid starting point in reshaping management development is to improve an understanding of ourselves. We are told that we need to change, but is it really so? Why is it so? There must be a reason for change, and individuals and companies alike should be able to see this reason and draw some benefit from every change effort. There is no point in changing for the sake of change. There is no point in telling people that they have to learn, if they cannot see why they should learn.

The power of *self-assessment* cannot be overrated. In assessing themselves, individuals assess not only their intellectual background and potential, but their value systems, behavioural patterns and skills in dealing with people. Effective managers practise self-assessment as a natural way of coping with their responsibilities, by making sure that they always reflect on consequences of their actions, successes and failures. Thus they can base their learning on solid foundations.

In assessing ourselves we also want to learn more about our own learning styles and results. How do we learn? Do we learn mostly from our own experience, from colleagues, from books or from courses? Do we learn by observing, experimenting, innovating or copying others? Are we pursuing our own learning objectives or do we have to be told by others what to learn? What have we learned last year, last month, yesterday? What has been the practical impact?

Self-assessment abilities are crucial to managers in transforming economies, who are just only starting to learn how to rely on themselves and, in particular, how to take initiative and how to realistically assess what they will be able to achieve in the rapidly changing economic settings.

Self-assessment is impossible without feedback and comparison. *Feedback from other people* tells individuals how they are perceived when dealing and co-operating with others. It permits the correction of unrealistic opinions of oneself, and provides information about behavioural characteristics of which one has been previously unaware.

Comparisons with other managers and management professionals, including those active in other business and social cultures, are an important source of self-criticism and inspiration, even if the differences of the cultural and other settings are fully acknowledged. For example, managers in Central and Eastern Europe are already preparing their businesses for increased European integration, including competition. Comparing managerial competencies, values, practices and efficiency with their peers in other European countries can be very inspiring; it has already become a necessity.

Obviously, in comparing ourselves with others we also compare our environments - political, economic, institutional and cultural. Learning from other managers, companies or training institutions is only possible if it also includes learning from their environments. In practice, however, this delicate relationship is often distorted. Environmental differences are evoked as reasons for rejecting comparisons and learning from others, because they are so different from us. Current imperfections of legal and institutional environments or immature market economy infrastructures are viewed as constants, not as factors that will have to change - and perhaps change more rapidly and more vigorously than we may think. We ought to approach comparisons from a historical perspective, looking not only at current differences, common points and possibilities so as to learn from each other on the basis of current practice, but also trying to better understand the history of our endeavour, and never losing future perspectives from sight.

Management development professionals can assist managers in self-assessment through pertinent information and questions, by providing "a mirror" where managers can see themselves as they are. It then must be a mirror that hides nothing and does not alter the real faces and proportions. The ultimate responsibility for making the right use of this mirror will remain with the manager himself or herself.

Similar comments can be addressed to *organisations*, to private and public companies and external providers of management development services. Before embarking on a new programme, adopting a new human resource strategy, submitting a HRD project or purchasing an important training package, any organisation should know where it stands and what its needs and possibilities are. Impulsive and haphazard choices based on illusions and wishful thinking, or on salesmanship by course vendors, have proved largely ineffective.

In a company, self-assessment can be implemented through various analytical and evaluation exercises. Frequently this will be an *audit*: a strategic audit (carried out as a key exercise in developing new corporate strategy), a human resource audit (also called a personnel management audit, aimed at analysing the whole human resource function), a human resource development audit (focused on competencies, training and development), or a management development audit (similar to the previous, but with a focus on managerial processes, positions and staff). Some companies prefer to use other terms: diagnostic survey, business review, strategic diagnosis or

similar. The differences tend to be more semantic than substantive. Literature on corporate strategy provides ample methodological guidance on approaches to assessing organisational strengths and weaknesses, opportunities and threats, environmental and internal factors, industry sector trends and so on.

In many companies, management and human resource development programmes start with some sort of *training needs assessment*. Unfortunately, many of these exercises suffer from common ills and produce superficial and hardly usable conclusions. They generate lists of training requirements collected through questionnaires and interviews, without relating them to any vision of the company's future or any change strategy. They seldom use properly chosen benchmarks and comparisons. They rarely address the "soft" side of management and corporate cultures. They are often carried out by inexperienced individuals who cannot make an assessment and draw meaningful conclusions. Thus, major improvements in the approaches taken and the practices of training needs assessment are required.

General strategic audits, special focus audits in the human resource sector and training needs assessment exercises often involve external professionals, management and human resource consultants, or teachers/trainers from management development institutions. From self-assessment, the analytical exercise may thus shift partially or fully to an assessment by external experts.

Whether external professionals should be involved depends on circumstances. Company managers often invite them in because they are looking for state-of-the art human resource development know-how, and for someone who can contribute missing information and a fresh and unbiased perspective, free from in-company politics. External experts can act as catalysts and facilitators. They can suggest relevant standards and benchmarks, permitting an objective assessment of a company's human capital and its future development potential. They can generate new ideas for action and help company people to overcome various difficulties linked with restructuring, transfers, distorted collaboration links, enhanced responsibilities and so on.

However, putting a strategic or human resource audit fully in the hands of external professionals is not a sound management policy. Usually this signals low commitment on the part of management, and does not create a sense of ownership of results. Implementation is jeopardised even before conclusions are drawn and proposals submitted. Current experience speaks in favour of an approach whereby management retains leadership and ensures a participative approach throughout the organisation and the total change process, using external advisors appropriately to contribute missing expertise and new insights.

Business schools, management centres, consulting firms and other external providers of education, training and consulting services have also started practising self-assessment in developing their own organisational change strategies, in preparing for accreditation, and in other contexts. Some organisations offer help to them. We can mention here, for example, the strategic audit service offered to members by the European Foundation for Management Development (EFMD), the European Quality Improvement System (EQUIS), also initiated by EFMD, or the peer reviews provided by the American Assembly of Collegiate Schools of Business (AACSB) to schools seeking

accreditation and advice on quality improvement. Furthermore, a wealth of ideas, examples and benchmarks for self-assessment can be found in this report. In the professional service sector, the best way to becoming more credible in the eyes of your clients is to practise what you preach.

8.2 *Developing and pursuing a vision*

Rigorous analysis and the participative approach advocated in the previous chapter may provide significant insights into issues faced by individuals or whole organisations. It may reveal competency gaps, poor direction, low motivation, or even a feeling of despair in comparing oneself with outstanding managers and best-performing organisations. Conversely, it may create an awareness of one's own capabilities, strengths, resources, competitive advantages and potential for development and for achieving ambitious objectives. But it will not tell you what exactly to do.

In a liberal economy, no one can tell a manager or a business how competent, creative, innovative and performing they must be. You can even choose to be mediocre and not very efficient, as long as the market accepts this. It is of course possible to define and promote some sectoral or even national standards, but these by definition will be averages, or minimum requirements. Excellent managers and organisations will tend to have higher aspirations and pursue more challenging goals. But what do we mean by higher? What should be the difference?

The theories of strategic management provide a useful concept of *strategic vision*, or vision of the future, which describes where an organisation or an individual wants to be at some future time. Obviously this strategic vision is related to an assessment or diagnosis of the current condition, but it is not a simple extrapolation of current trends. The future is unknown and is being shaped by a myriad of independent actions all over the globe; your own actions will then form only a minor fragment of this future, however powerful your company or your business school is. This phenomenon has been well demonstrated, for example, by the recent total reshaping of the information technologies and telecommunications sectors.

A vision of the future constitutes the only meaningful target to which the development of managers and human resources can be oriented in the medium and longer term. It permits the definition of competence and other standards, without which this vision would not be achievable. It permits comparison with other dynamic and well-performing organisations, pursuing similar or even more ambitious goals. It also helps to keep a sense of reality by measuring the gaps to be bridged, defining what needs to be undertaken, and focusing on a limited number of important issues.

The concept of strategic vision deserves particular attention and support in the reforming economies of Central and Eastern Europe, where the collapse of central planning has been interpreted by many policy makers and management practitioners as a total switch to day-to-day operational management without any longer-term perspective. All too often, their vision has not reached beyond the act of company privatisation. This has affected their current approaches to

management and human resource development, which suffer from the absence of perspectives and meaningful longer-term goals, and to which few managers are prepared to commit resources.

If you are the leader of a business school or a management centre and are keen to develop it, you also need a vision. What sort of professional service provider do you want to be? What are your ambitions? What will be your model? What will be your unique professional contribution and your competitive advantage? What will you do to improve your clients' business performances? Why should clients come to you rather than your competitors? It is useful to ask this sort of questions. It is vital to have a vision and pursue it, even if it is difficult to imagine what the future will bring.

8.3 *Aiming to be a learning organisation*

In recent years, the learning organisation concept has aroused much interest in general and human resource management circles. A number of publications provide descriptions of its variants and applications. Critical voices can also be heard, pointing out that the concept is vague and does not actually define what a company should do and measure. Some observers regard this concept as just another in a long series of management fads. Similar concepts are also being promoted: an "intelligent" or "thinking" organisation, or the requirement to manage and develop an organisation's "intellectual capital", or "human assets".

The learning organisation concept is quite useful if ingeniously applied. It has been concisely described by the Training Commission in the United Kingdom: "A learning organisation is one which facilitates learning and personal development of all its employees whilst continually transforming itself".

There is no simple blueprint prescribing how a learning organisation should behave, which probably is the main reason for the complaints of those who are fond of management cookbooks. Individual and team learning can take many different forms, and organisations can benefit in many different ways. What is essential is the basic philosophy, whereby learning is encouraged as a source of strategic change, competitive advantage and future excellence. Learning is geared to the main strategies pursued by an organisation, but not confined to them. It is also regarded as a source of new ideas, opportunities and innovations, and of changes that may reach beyond the scope of currently pursued strategies and policies. Learning is results-oriented, but the definition of what is meant by "results" is not unduly narrow and short-term. While struggling with current issues and difficulties and aiming to improve performance in the short-term, the organisation is also preparing itself and its people for the future.

The learning organisation concept is humanistic because it attaches equal importance to the benefits drawn from learning by individual employees and by the organisation. It can enhance flexibility by making employees more adaptable and employable in other jobs within and without the organisation where they are currently working.

In European companies aiming to be learning organisations, the human resource development function needs to be strengthened, not in terms of size of the department, but in terms of roles, authority and quality. The following principles may be of help.

1. In a learning organisation, there is an explicit people development and "learning" policy, so that all employees know what are their rights and obligations, what sort of individual learning is encouraged and for what reasons, and how learning is related to the goals and strategies pursued by the organisation.

2. The principal responsibility for learning is vested in managers, not training and development specialists. A manager is responsible for his or her own learning, and developing his or her team of collaborators. This responsibility is more than a declaration of noble intentions: it is defined in terms of tasks, results, controls and incentives. Training and development specialists provide help in terms of needed information, facilities, learning materials, advice on methods, external experts and facilitators, programme and project organisation, and similar. They also keep managers informed about new developments in other companies and in the service offerings of external providers.

3. Since any learning is a personal and individual change process first of all, a learning organisation makes sure that individuals at all levels and in all functional areas share their learning with others. The organisation learns from the individuals, and vice versa. Shared and mutual learning is more than a declared principle: it becomes a structured and managed effort that is promoted through various methods, including team work, coaching, briefings and debriefings, joint projects, personal responsibility for developing others, workshops, job rotation, internal work guides, easy-access information systems on company know-how and so on. Confidentiality is ensured.

4. Learning organisations also aim to anticipate necessary staff changes to make sure that the know-how built up by generations of key managers and specialists is preserved. Efforts and resources are needed for further improvements and innovations, not for "reinventing the wheel".

8.4 Reshaping the external providers

If companies can aim to behave as strategists and learning organisations, this is doubly true of professional providers of management development services. In most European countries, including Central and Eastern Europe, there is increasing competition in these service sectors. They have attracted large numbers of providers of varying profiles, size and competence. Excellent and highly professional providers operate alongside mediocre ones and even impostors, and it takes time and experience to tell who is who. It can be a costly experience.

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The European market for these services is not and is not likely to be regulated. Companies are free in their choice of external providers and their particular programme offerings. Some providers can build on their established reputation, but they have to be aware of dynamic and aggressive newcomers. They have to beware of becoming obsolete by perpetuating programmes that are no longer relevant. In choosing external service providers, companies are looking for new ideas and for practical help in developing and implementing their own strategic approaches and concepts. Even excellent companies are prolific consumers of external training, consulting, information and other services, but they are becoming increasingly critical and selective.

On their path from vision to action, the external providers who have the best chance of success will be those who are guided by the rapidly changing nature of their market and, at the same time, aim at highest professional standards. A number of strategic issues (discussed in the previous chapters in considerable detail) are currently being addressed by many providers:

- how to be up-to-date and innovative without turning into a mere vendor of management fads;
- how to make full use of international experience in order not to reinvent the wheel, while avoiding a mechanistic transfer of culturally alien concepts and techniques;
- how to be more useful to corporate clients in planning and implementing change, and how to establish longer-term working alliances and learning partnerships with them;
- how to create synergy between various training, development, consulting and other intervention techniques in pursuing organisational change;
- how to keep pace with the developments in information and learning technologies and enhance their use, without engaging in projects that are not realistic or financially feasible;
- how to attract and retain teachers and other management development professionals who combine excellent intellectual capabilities with a high sense of practical achievement;
- how to achieve the critical mass needed to become a centre of professional learning, able to create and improve its own programmes based on authentic research and programme innovation;
- how to effectively operate and make profitable an independent professional service organisation in the management development sector.

In Central and Eastern Europe in particular, many external providers would benefit from a critical assessment of their current condition and capabilities. There are providers whose small size prevents any meaningful programme development and collaboration with companies. These should give thought to restructuring and mergers. There are providers without any faculty, and "itinerant" independent teachers/trainers without any permanent employers, working for ten or more different course organisers and sellers. This has created an intricate maze which has ensured the satisfaction of the current short-term demand, but is not sustainable in the long term, although external faculty will obviously continue to be an important source of practical know-how and new ideas.

Faculty development in Central and Eastern Europe has been supported by a number of technical assistance projects on a short-term basis, but is seldom pursued systematically. Few institutions have given thought to the necessity and feasibility of establishing and maintaining a highly competent and practically minded core faculty. Key issues of faculty recruitment, motivation, development and renewal have yet to be tackled.

8.5 *Drawing benefits from networking*

Networking is one of those concepts that are frequently discussed and are receiving a lot of attention at the present time. Narrower or wider, simpler or more complex and less or more technical views of networking are held by its various protagonists. Networking is not just a technique, but is a conceptual approach that in various contexts can concern various issues and be applied in various ways. There is no universal model of networking.

Networking assumes the existence of a number of units that are relatively independent and may even compete with each other or pursue different and conflicting objectives. However, they have some common needs and interests, and at some point in time come to the conclusion that it may be useful "to network".

This general description of the conditions under which networking becomes appropriate fits the management education and development sector. At the present time, our sector is extremely diversified and largely unstructured. Most of the external providers of management development services to companies, and internal company units dealing with HRD, are relatively small. Developments in the sector can be fast and there is great scope for innovation, originality, experimentation and trying to do something better than others. Networking is a logical response by both individuals and organisations that understands their limitations and the benefits they can draw from co-operating and sharing with others. It is an obvious path towards mutual learning.

Networking must not be viewed as passing fad. The decision to network should be a free and purposeful decision, based on an assessment of what one is prepared to reveal and give, and what one wants to get and learn from other network participants. Also, one should realise that meaningful networking has a price, but helps to save costs. A cost-benefit assessment is always appropriate.

In choosing to join an existing network, it is useful to get information on what that network actually provides in terms of contacts, activities and services. It is useful to take a wider perspective, and look not just for people who do exactly the same thing as you. We know that in management development, as indeed in many other sectors, new ideas and innovations often come from unexpected sources. Also, the attitude of members to their network should be proactive, not passive. It is important to remember that networks tend to be only as good and dynamic as their members; members create networks, not vice versa. If you want to get, you must give. No network should be seen as a static structure, and members should keep in mind the possibility and the need to continuously improve their network.

In the management development sector, the principal voluntary networks are professional associations of individuals and/or organisations. Some were mentioned in Chapter 6. It is usually possible to choose a national and/or international association network whose profile fits a particular individual or organisation. In Europe, networking across country borders is now almost a must. It is an important formula for mutual learning and achieving cohesion and unity of the region in future years. In addition, the European management development profession will always need active networking beyond the boundaries of Europe - with the North American profession, with Japan and other Asian countries, and with other regions of the world.

But the potential of networking reaches far beyond voluntary association work. The following opportunities are worth mentioning:

- informal networking for professional exchanges, by maintaining contacts with individuals and organisations working on similar topics (which can be on a smaller or larger scale);
- various collaboration formulas, partnerships and alliances for developing and marketing new sorts of services, or new programmes with an international profile;
- networking for experience exchange and mutual learning among the providers and the users of management development services;
- networking with sectors likely to contribute new insights and new knowledge that can be applied in management development (including fields such as information technology, economics, business law, public administration and management, and so).

These examples show that networking is available to everybody. Providers and users of management development can create their own networks and choose who they will involve or invite to join.

The current potential of networking has been greatly enhanced by information and communication technologies which, in turn, require a networking approach to be fully utilised (see examples in Chapter 5). While networking among professionals will always require a certain amount of face-to-face communication and direct human contact, individually and in groups, the possibilities of networking have been augmented and its cost drastically cut by the Internet, e-mail, teleconferencing, video conferencing, online databases and other currently available technologies and systems. At the present time, networking is within everyone's reach.

8.6 Pursuing quality

Quality, defined as *satisfaction of client needs and expectations*, is a common denominator and goal pursued in the various improvement efforts outlined in the previous sections. In management development, we often hear complaints about poor quality and an unsatisfactory relationship between cost and quality. Clients are keen to get some quality assurance when choosing and buying services from external providers, while the latter are looking for ways and means to increase service quality and enhancing their credibility and image.

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It should not be overlooked that in the provision of professional services, quality is a relative concept, defined in the interaction between users and providers. What is acceptable quality in one context may be regarded as totally unsuitable in another context. However, trends such as cross-border business co-operation or the free movement of people and resources within the European Union require the establishment of more universal, comparable, easily understandable and internationally recognised quality standards.

In pursuing quality, the management development sector will probably need to have increased recourse to the definition and application of various sorts of national and even European standards and procedures. These may concern the competencies of managers, teachers/trainers and other professionals, programmes and services, learning materials, providing organisations and quality management systems.

However, in the professional service sectors the healthy tradition has also been to apply *self-imposed quality standards*, developed by professional organisations and promoted through education, indoctrination of new recruits, guidance and coaching at work, codes of professional ethics, and controls applied by professional firm management and the professional organisations themselves. In management development, networking can also be an instrument for defining and promoting quality standards. Voluntary associations should aim to take the lead in quality improvement and assurance efforts, and should collaborate on this issue with organisations representing the users.

The ultimate responsibility for quality is with individual service providers and individual professional workers (teachers, trainers, consultants and so on). The more unique and the less repetitive the service (typically a consulting/training/learning project adapted to a particular context and to the profile of particular persons), the greater the influence of the individual professional worker on service quality and the actual result. Standardised and more repetitive programmes, such as various learning packages or distance learning materials and systems, lend themselves more easily to quality determination and control. In individualised programmes, quality is created and its standard determined while the service is being provided.

In Central and Eastern Europe in particular, it will be important to develop a "quality culture". The command economy system considered product and service quality as less important than quantity, and created an atmosphere in which mediocre quality was generally tolerated. This has started changing, but a major change in attitudes to quality has yet to be achieved. The management development sector must make its contribution to this change process.

8.7 Mobilising public and societal support

In this report, we have stressed every individual's responsibility for his or her development and the organisation's responsibility for the development of its human resources, including managers. External providers are then responsible for supplying high-quality and fully professional training

and development services to business. How does a country, its government and perhaps other organisations with wider national, sectoral or social mandates enter the picture?

The answer lies mainly in recognising the significant impact of management on national development, performance and well-being. It should be stressed that the quality of the managerial class and of company management is important not only to a particular firm and its owners. Aggregate performance of economic enterprises is a critical factor determining the competitiveness and performance of a country's economy as a whole. It impacts significantly on economic growth, employment, the balance of payments, living standards and social development and stability.

Another factor that needs stressing is the current scope and pace of economic reforms and enterprise restructuring in Central and Eastern Europe. Recently privatised enterprises find it extremely difficult to retrain their managers to enable them to cope with all the dramatic changes in the economy and to raise the standards of company management to European levels. They are short of information, know-how, contacts and resources. They are struggling with problems inherited from the past system. Newly established smaller enterprises are missing the background and the infrastructure within which the small business sector operates in Western economies. There is a great danger that many enterprises will stay behind and will be low performers for many years to come, with negative unemployment and other implications for the national and European economy as a whole. These are matters of national and, indeed, European concern, in addition to being of direct concern to individual enterprise owners and managers.

In a free market economy, it is not the government's normal responsibility to train managers on behalf of the owners of individual private enterprises. However, owing to the above mentioned reasons, governments should be concerned about the competence, dynamism and overall quality of business management in their countries, just as they are concerned about the quality of education, technological literacy, the health services or the public administration system. If private enterprises in their totality are short of competent managers, thus retarding the implementation of national economic and social reforms policies, what can the governments do to support management development without taking on unrealistic responsibilities and turning back to command-economy methods?

- *Creating awareness and providing orientation.* Governments may develop a full and realistic picture of the quality of the country's managerial class, including its potential to cope with fierce international competition. They may share this picture with enterprises, making their owners and managers aware of the issues and discussing what needs to be done. It may be useful to define national priorities and goals in order to provide a common orientation, mobilise public opinion and encourage efforts and initiatives undertaken in various sectors.
- *Upgrading pre-employment education for entrepreneurship and management.* It is important to assess the national education systems so as to clearly establish how they are preparing the new generations for creating, operating and effectively managing businesses, and to initiate and support necessary modernisation. This requirement concerns secondary, tertiary and postgraduate education, and fields such as economics, business, management, entrepreneurship, accounting, finance, information technology and engineering. In the public

education sector, governments are directly responsible. In private education they can, for example, use subsidies to encourage and facilitate improvements required by the economy. Universities, colleges and other establishments in the national education system can be encouraged to engage in post-experience training and assisted in creating such facilities.

- *Expanding and upgrading opportunities for the training and retraining of entrepreneurs and managers.* In transforming economies, the expansion and upgrading of post-experience management training is seriously hampered by the lack of competent trainers with market economy experience, the shortage of well-established and solid training providers, the lack of quality learning materials and technologies, and the shortage of "professional entrepreneurs" willing and able to finance rapid improvements in these areas. Without returning to the largely inefficient and dated practice of government-owned management training centres for company managers, governments have other opportunities for supporting projects and programmes for trainer/teacher development, technological modernisation, creation of training and learning materials, determination and promotion of quality standards, and similar. These include programmes and materials making use of the newest information and telecommunication technologies, which permit the dissemination of training to large numbers of people irrespective of distances, but require high initial investment and excellent infrastructure support. Governments can help to identify, promote and sponsor such programmes even in cases when they prefer not to take on direct responsibility for implementation.

- *Mobilising resources.* In transforming economies, the private sector is clearly short of resources needed for the massive retraining of managers and specialists (and especially for the development of good training facilities). Only a small number of relatively prosperous companies can afford the required expenditure. Technical assistance projects tend to be small, fragmented and short, and there is a lot of unnecessary overlapping. Serious thought should be given to new and more effective formulas for the mobilisation, grouping, combination and distribution of required resources, including both public and private resources, as well as funds provided by external sources of technical assistance.

- *Improving management in the public sector.* Governments are directly responsible for the quality and performance of management in the public sector, including the public administration system and the management of enterprises and other organisations under state control. The scope for improvement in public management is tremendous. In recent years, public management has been underestimated and largely neglected in many countries with reforming economies. The training of public managers has received little attention. New approaches should be explored, including the use of private sector management expertise, without losing sight of the specific nature and responsibilities of the public sector. The European Union has already officially stated that public administration and management need to be considerably strengthened in several countries that have applied for membership.

- *Working through national programmes and agencies.* Efforts to upgrade management and human resource development in a country may become more systematic, better organised and more visible if they are structured as national programmes and channelled through agencies, funds or

foundations with an explicit mandate and strong policy support by the principal stakeholders. Rather than retaining full control over such programmes or agencies, governments should co-operate and share governance with other important stakeholders, the representatives of the private sector and the workers in particular. National agencies built on these principles have achieved tangible results in several countries. For example, interesting lessons of experience are available from the French National Foundation for Management Education (FNEGE), the Japan Productivity Centre for Socio-Economic Development (JPC), the National Training Fund (NTF) of the Czech Republic, and the Russian National Training Foundation (NTF).

While recognising the useful contribution of these and similar interventions in support of management development in various countries, it could be argued that the private sector should be in a position to articulate and defend its interests as a sector, working through sector organisations such as employers' associations, trade associations or chambers of industry and commerce. In the transforming economies of Central and Eastern Europe, most of these recently established organisations are short of experience and resources. Their action potential is limited and it would be unrealistic to expect that at the present time they will be able to conceive and mount important action programmes and mobilise the required resources by themselves. It is hoped that this will change in future years.

8.8 Having the courage to innovate

In trying out new things, there seldom is a guarantee of easy success. Barriers to change may have to be broken down, and some of these barriers may have been purposely created and defended by the very people who most need to change. But even if there is no explicit resistance, innovation requires more than technical competence. It needs imagination, courage, a strong will and perseverance. It requires enough force and faith to be able to swim against the stream. It may even require sacrifices without being sure that the results obtained will be fully acknowledged.

But why innovate in management education and development? Does it pay to innovate? Who should be the innovators?

At present, in management development in all parts of Europe, there is a great need and considerable scope for innovation irrespective of country, sector and other differences. There is need for innovation in companies, in business schools and other external service providers, and in governments. We need more innovation not for its own sake, but to enhance the value of the service provided and its impact on European management. We also need innovation to increase credibility and facilitate marketing. Company managers lose interest when they see that "the old stuff" continues to be offered to them by many providers, despite dramatic changes in technologies, communications, markets and competition. Innovation is required to tailor management development to the particular settings of each country, sector, company and even each individual learner. Also, while we need to make quick and effective use of innovations that have occurred outside Europe, these should not be adopted without considering whether and how

they may need to be modified and/or improved. The scope for innovation based on the newest education and learning technologies is unlimited and this area (reviewed in Chapter 5 in detail) commands particular attention.

To support and promote innovation, we also need more *research*, and a higher quality of research, into key management issues faced by European companies, into management practices and cultures in various parts of Europe, and on the profiles and development paths of European managers. This would help to differentiate between real innovations and passing fads, focus innovation on issues where it is most needed, stimulate mutual learning and speed up the dissemination of innovations.

The beauty of innovation is, of course, that it is accessible to anybody. In management development, there are no "licensed innovators" or sector leaders who would be able to monopolise the right to start new things, to be subsequently followed and copied by others. New approaches and techniques often originate in smaller companies and smaller training or consulting organisations. It may also be easier to experiment in smaller and more flexible organisations than in large and well-established business companies or schools. Traditionally, large universities have been one of the most difficult places to innovate and this has led many entrepreneurial individuals to leave and start their own professionals service firms for doing new things. Yet, there is enough scope for innovation in any organisation and at any level. Whole nations and their governments can innovate and stimulate innovation in their quest for better management.

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Annex I
Recommended Reading

This annex suggests useful publications on various aspects of management development, selected and recommended by the team of authors. The choice has been confined to landmark English-language publications on management education and development and some more recent sources that can be easily obtained.

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Annex II
Call for Expression of Interest
Exchanging Experience with Innovations in Management Development

This report provides a short account of major trends and issues in European management development and illustrates this through a number of examples. However, it should not be regarded as exhaustive. Without any doubt, in all parts of Europe many other initiatives and innovations exist, some of which may be more important and more promising than those described in this report.

Furthermore, before starting to change their current approaches and committing resources, some readers (both from companies and institutions) may wish to examine the issues at hand in greater depth and engage in more discussion with other managers and human development professionals, in their own or in other countries.

The European Training Foundation as an agency of the European Union is committed to facilitating and promoting experience exchange, networking and cooperation among Europeans. In this spirit, it is offering a follow-up service to companies and institutions that are familiar with this report and willing to share their experience with others. The service will focus *on innovations* in management and human resource development that have emerged either within companies in industry and other sectors, or in the work of external providers of management training, executive education; consulting and other services to management. The Foundation realises that the concept of innovation is relative and that there may be different views on what development deserves to be regarded as innovation. In contacting the Foundation, the readers should themselves consider what, in their opinion, is a genuine innovation.

The design and organisation of the Foundation follow-up service is yet to be finalised. This will be done in collaboration with voluntary networks such as the European Foundation for Management Development (EFMD) or the International Management Development Network (INTERMAN) or the Central and Eastern European Management Development Association (CEEMAN), which have been active in this area and have already contributed to the identification and dissemination of innovations in the management development sector.

The Foundation would be pleased to receive expressions of interest in this service, which may include specific suggestions, descriptions of innovations or requests for information or contacts. These will be taken into consideration in determining the scope and structure of this service.

Please contact the European Training Foundation (attn. of Mr. Francesco Pareti) at the following address:

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